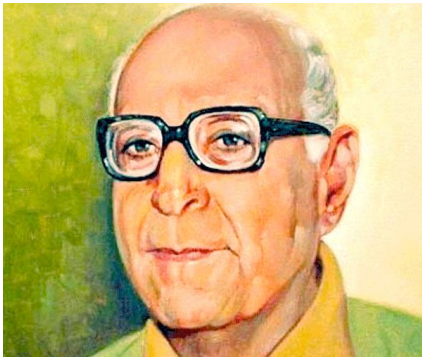


Progress in a Changing World

Mahmoud Mohieldin
Senior Vice President
World Bank Group



"إن فكرة التقدم محتوية على وجوب التغيير مع متغيرات الحضارات المتعاقبة والتطور الذي ينقل صورة الحياة نحو ما هو أعلى، ومعنى ذلك وجوب الاهتمام بالمصير، ولا ينفي هذا الاهتمام أن تجيء قوائمه مستندة على تراثنا الذي تركه لنا السلف، على ألا يكون في حياتنا الحاضرة بمثابة النهاية التي نقف عندها، بل يكون بين أيدينا نقطة ابتداء نجاوزها على مستلزمات حاضر حي ومستقبل مأمون."



من كتاب حصاد السنين للفيلسوف المصري الدكتور / زكي نجيب محمود

Addressing Global Megatrends & Challenges

Demographic transitions

Urbanization

Climate and resources

Commodity cycles

Technological disruptions

Fragility and violence

Shifts in the global economy

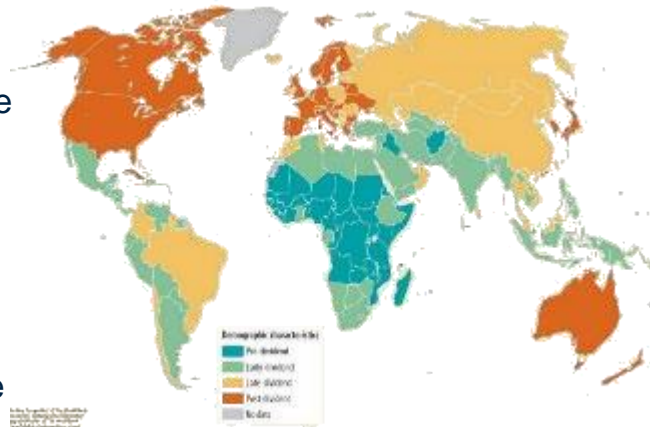
Debate about globalization

Demographic shifts

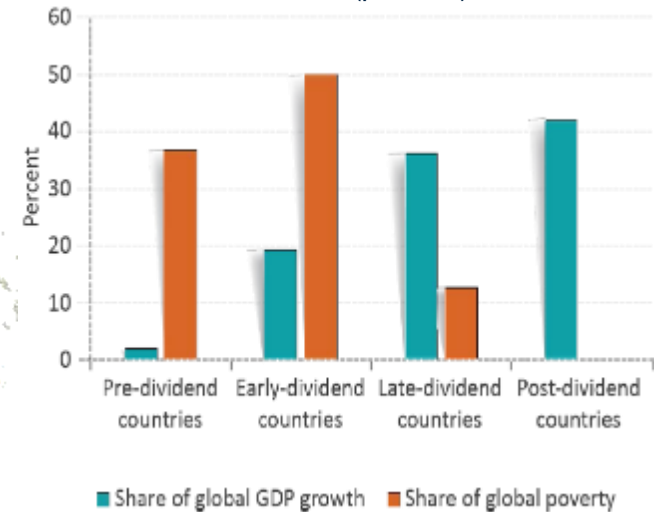
The world can be divided into four major demographic

Most of the global population lives in early- and late-dividend countries and while 78 percent of global growth was from late- and post-dividend countries, 90 percent of global poverty is in pre- and early-dividend countries

- Pre-dividend → High fertility rate, low life expectancy
- Early-dividend → Declining fertility rate, increasing life expectancy
- Late-dividend → Fertility rate approaching replacement rate, increased life expectancy
- Post-dividend → Low fertility rate, high life expectancy



Share of global GDP growth and poverty, 2000-14 (percent)



* World Bank Global Monitoring Report 2015/2016

Source: McKinsey Global Institute, 2012

Demographic shifts

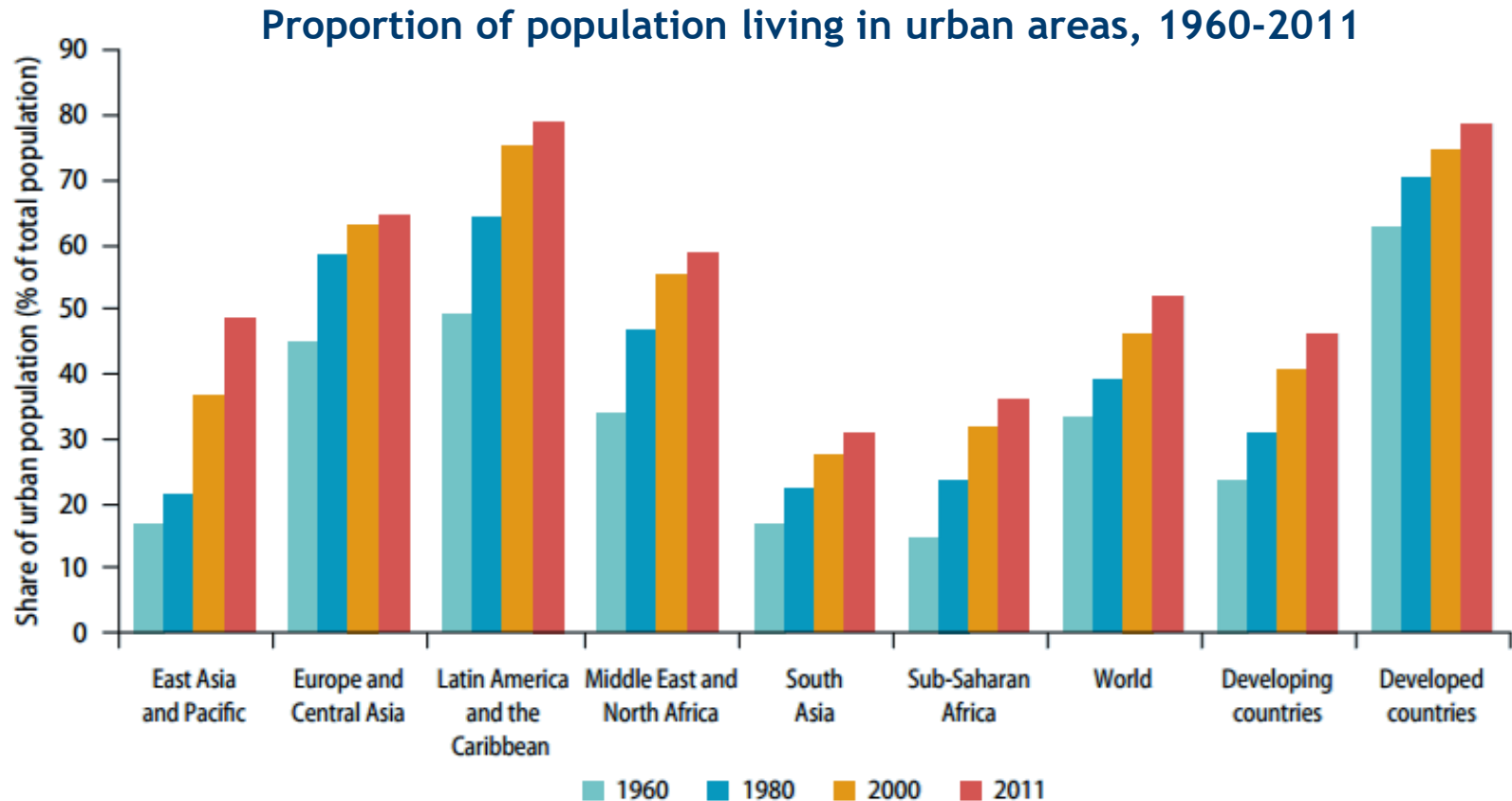
Key challenges for each group

Countries at all stages of development can harness demographic transitions as a development opportunity

Demographic Groups	Key Challenges
Pre-Dividend countries	Lagging in human development outcomes
Early-Dividend countries	Job creation for rapidly growing share of working-age people, mostly youth
Late-Dividend countries	Populations beginning to age; potential slowdown in growth of labor supply
Post-Dividend countries	Adapting to aging to maintain living standards

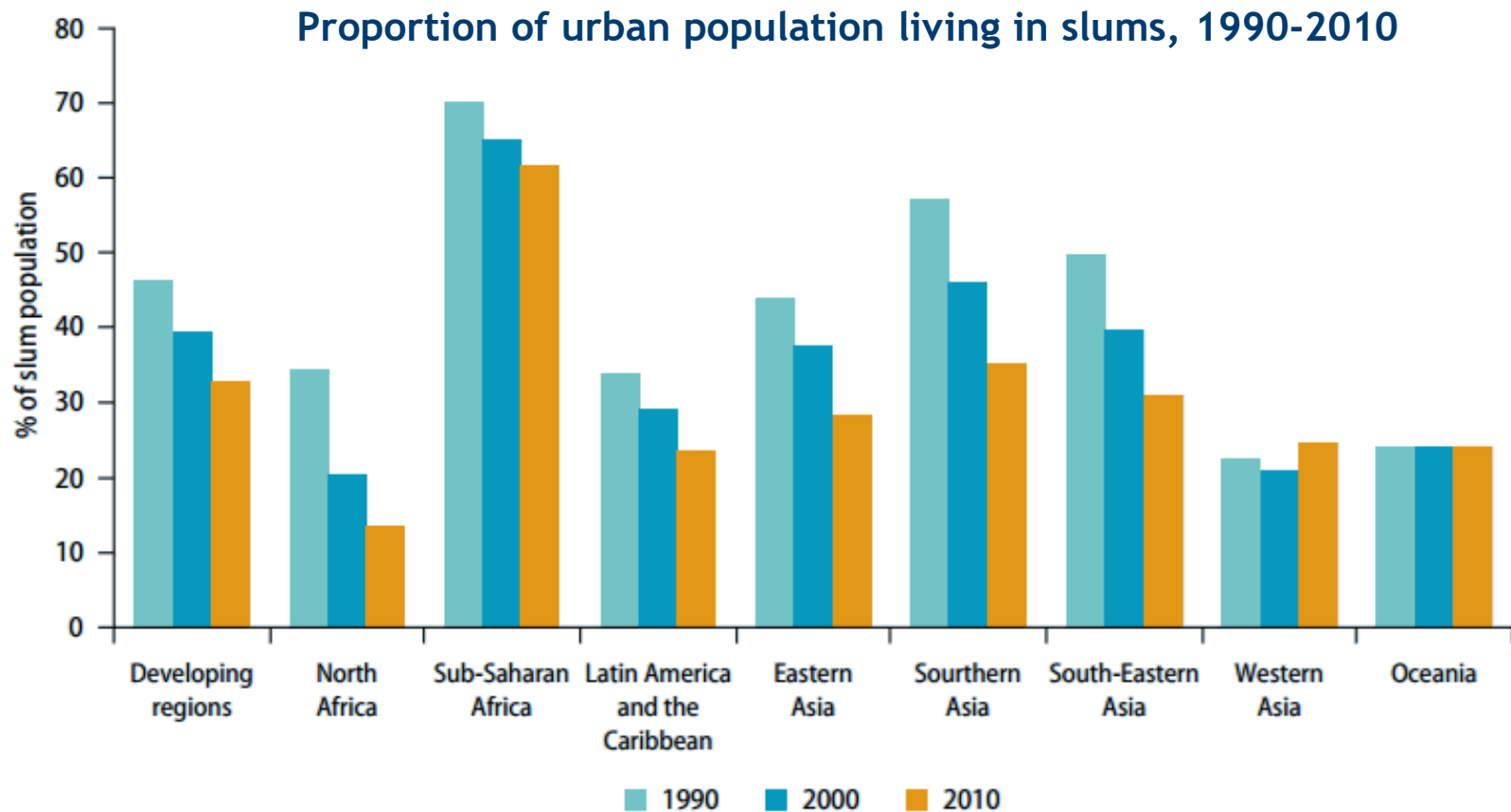
Urbanization

96% of increase in developing country population between now and 2030 will be in urban areas



Urbanization

If urbanization is not managed properly, slums emerge

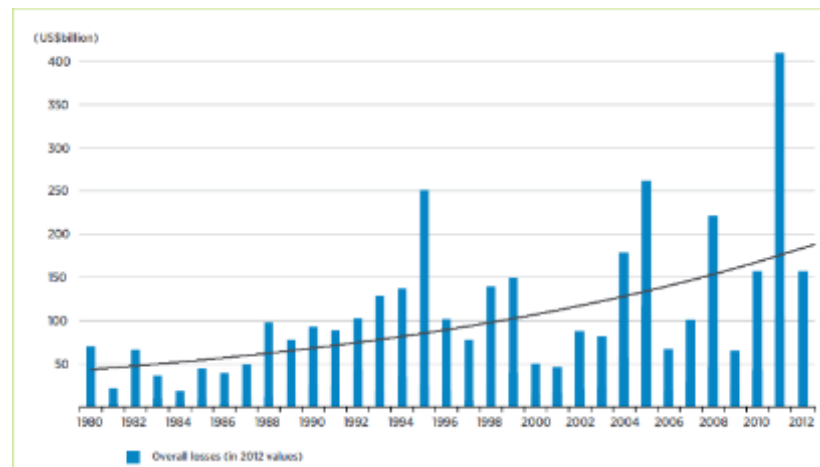


Climate change and resources:

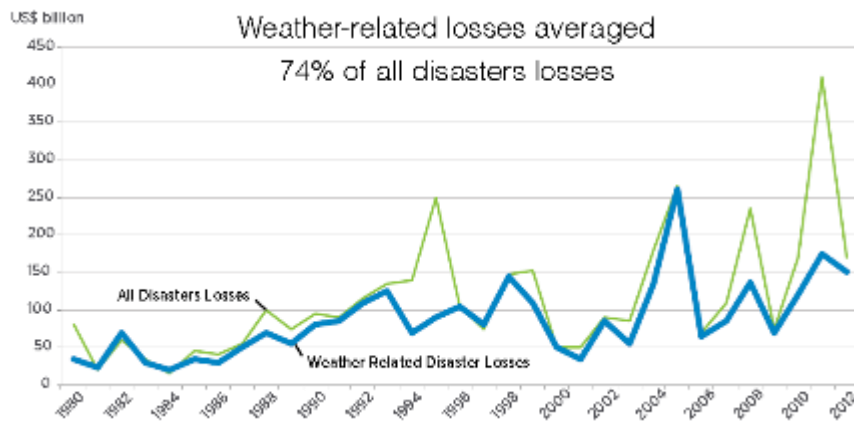
The total number of disasters and losses has been rising,

1980-2012

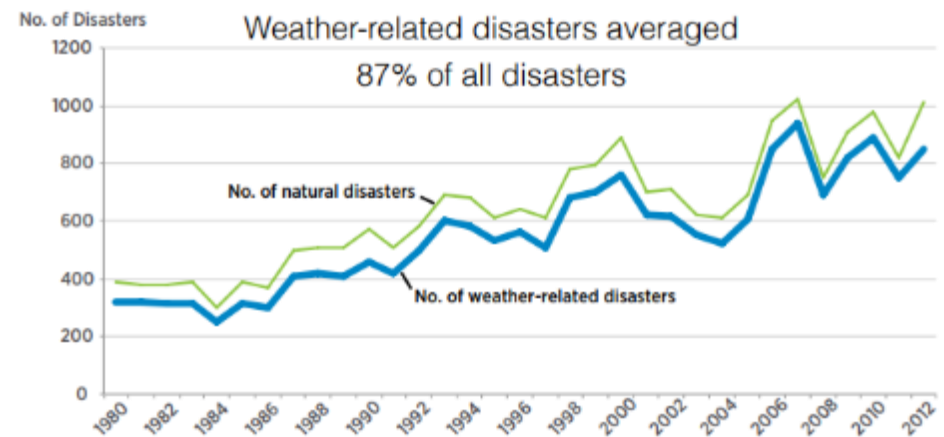
Global disaster losses from 1980-2012



Losses due to disasters worldwide (1980-2012)



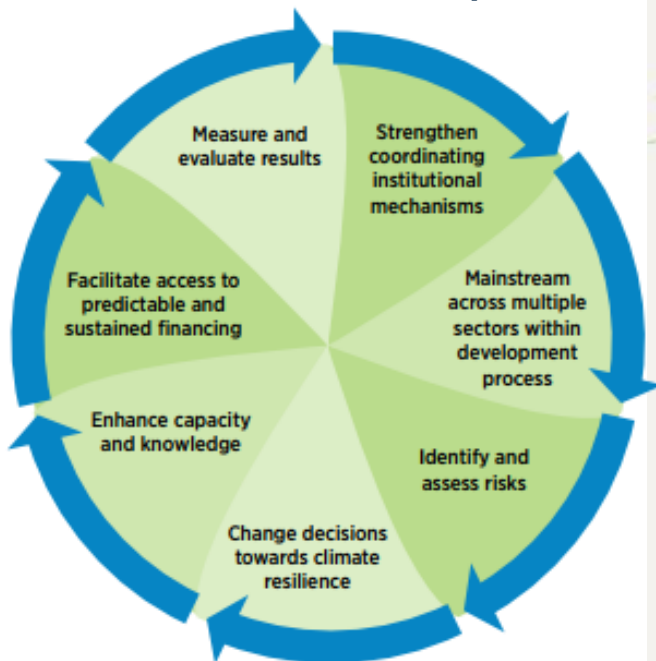
Number of disasters worldwide (1980-2012)



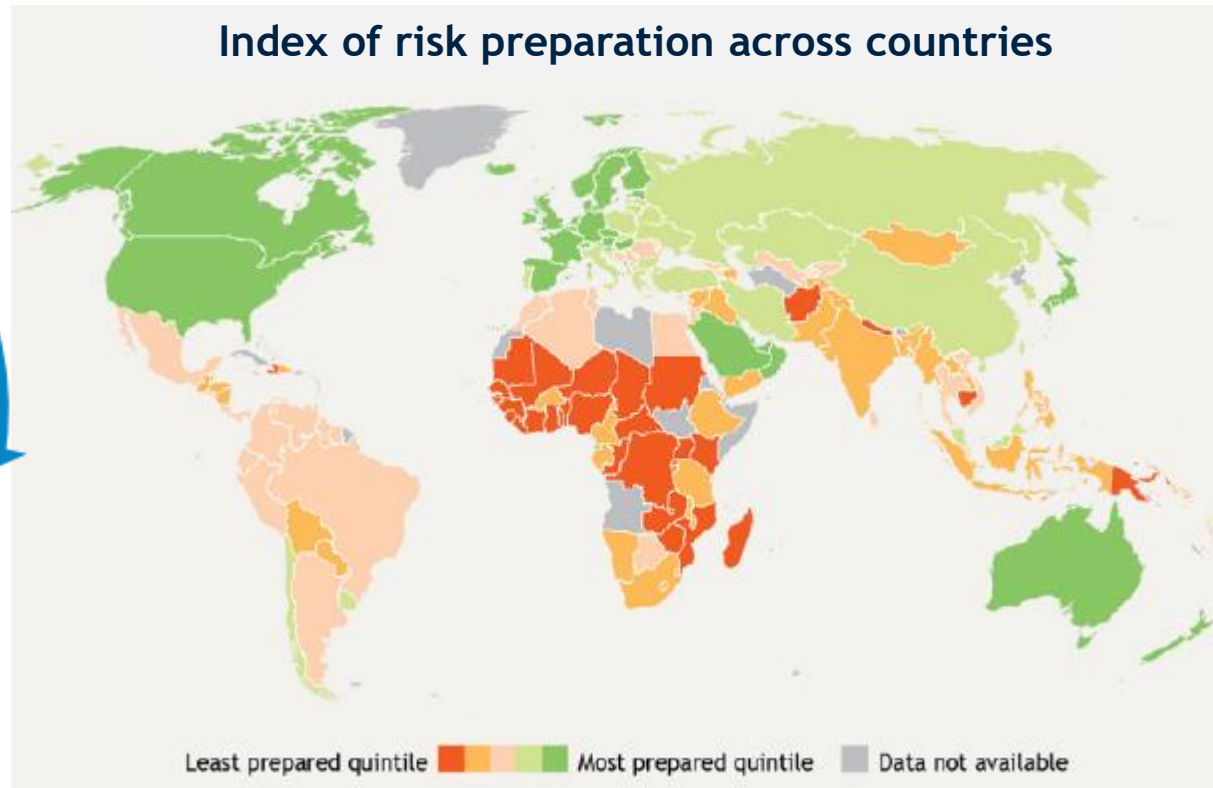
Source: Building Resilience report, World Bank, 2014

Climate change and resources:

Process of integrating climate resilience into development



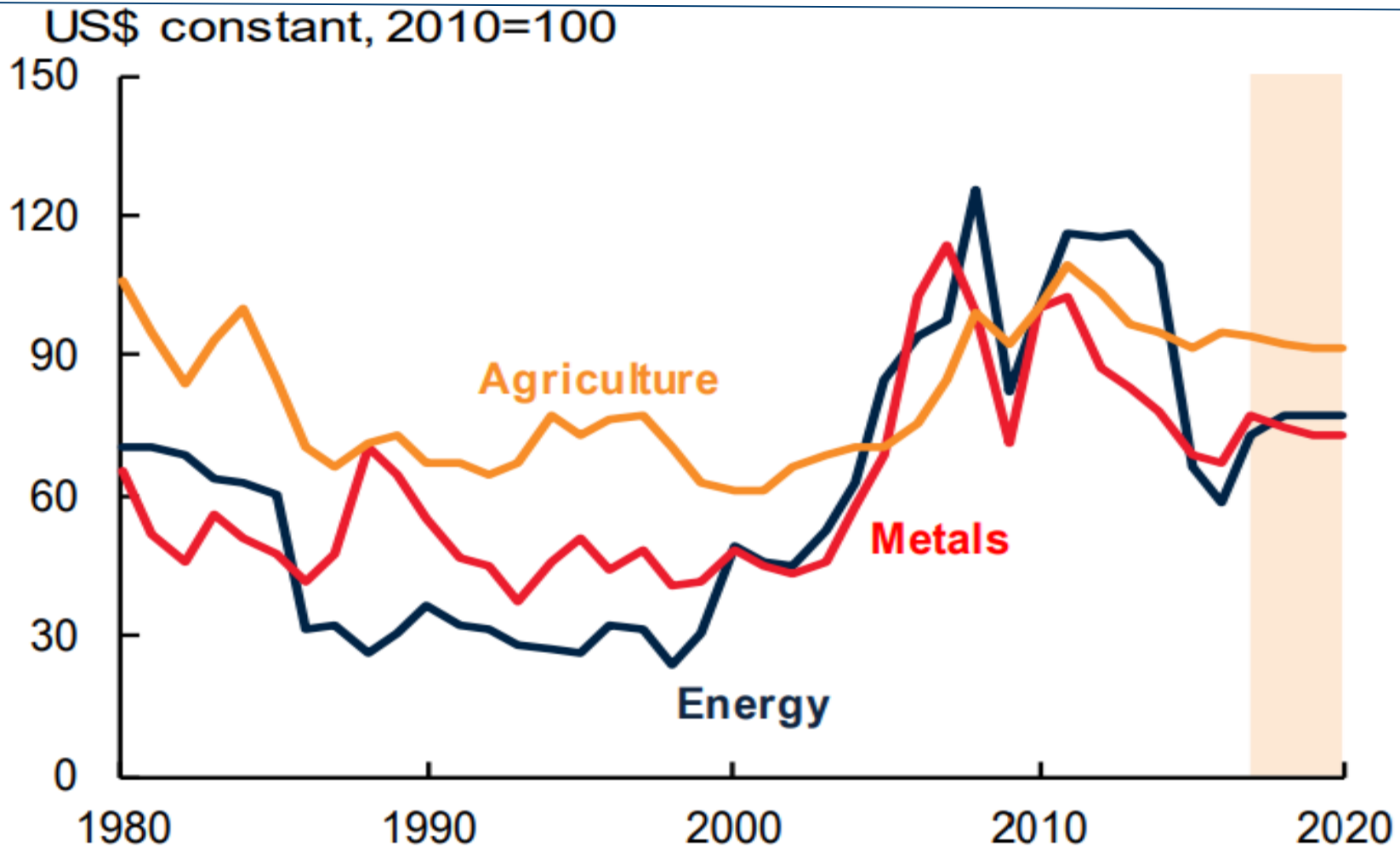
Index of risk preparation across countries



Source: *Building Resilience report*, World Bank, 2014

Commodity cycles:

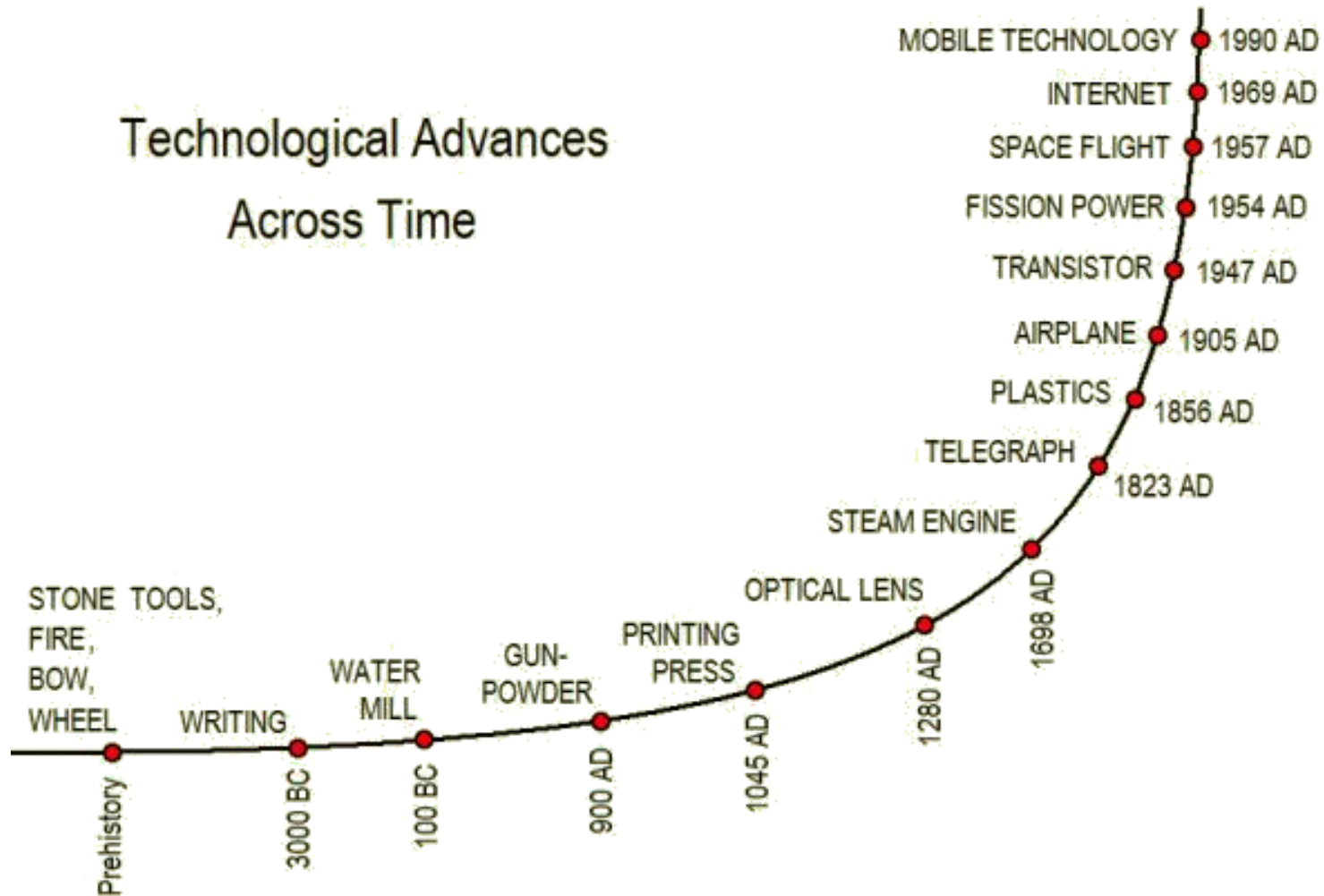
Commodity price indexes, annual



Technological disruption:

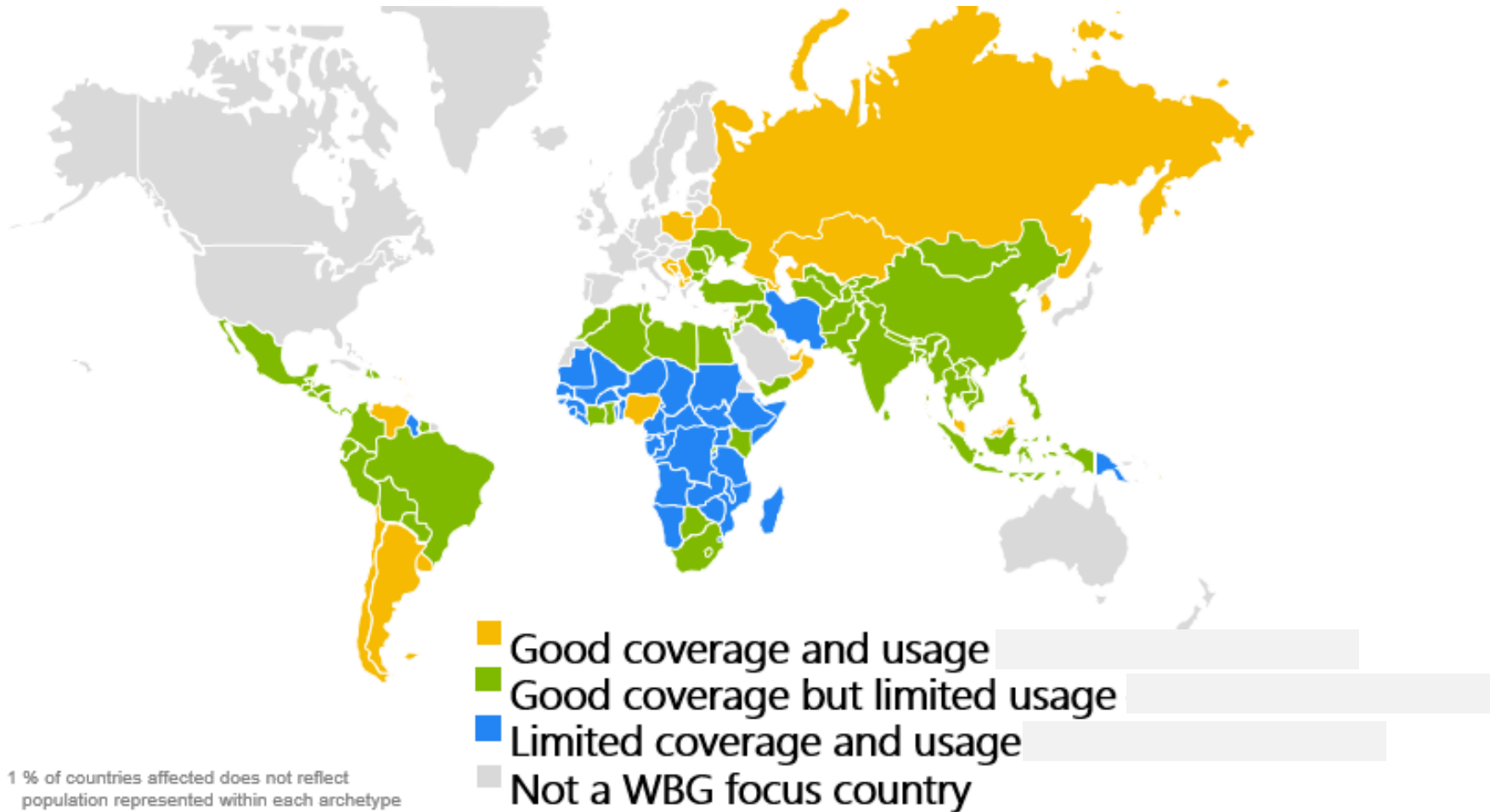
The rate of advancement is unprecedented

Technological Advances Across Time

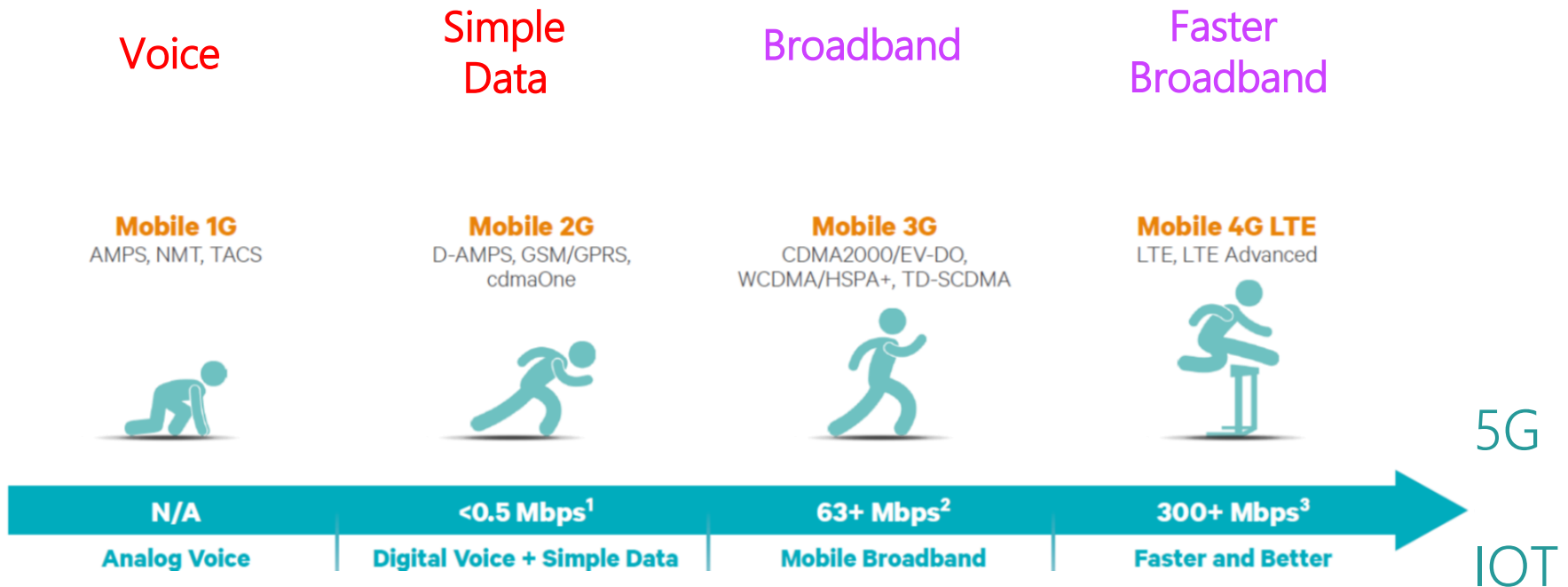


Technological disruption:

Half of the world's population is not benefiting from the digital economy



Technological Disruption: Not just any digital connectivity will do

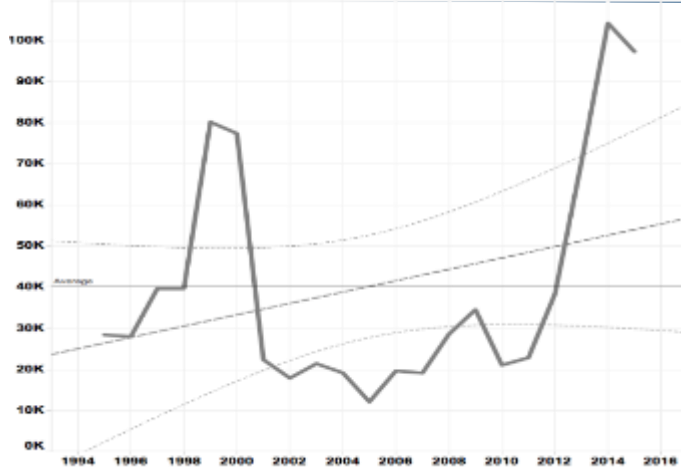


¹ Peak data rate for GSM/GPRS, latest Evolved EDGE has peak DL data rates capable of up to 1.2 Mbps; ² Peak data rate for HSPA+ DL 3-carrier CA; HSPA+ specification includes additional potential CA+ use of multiple antennas, but no announcements to date; ³ Peak data rate for LTE Advanced Cat 6 with 20 + 20 MHz DL CA; LTE specification includes additional potential CA + Additional use of multiple antennas, but no announcements to date

Fragility and violence:

Violent conflict is increasing and becoming more complex

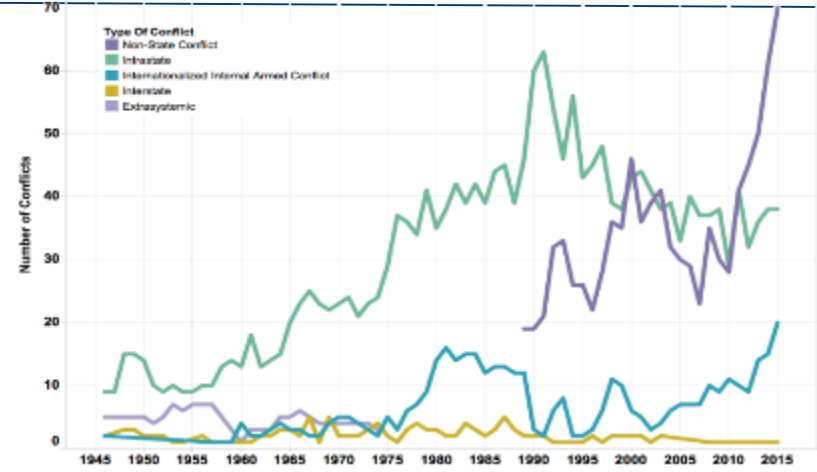
Number of people killed by violent conflict



Source: World Bank, 2017

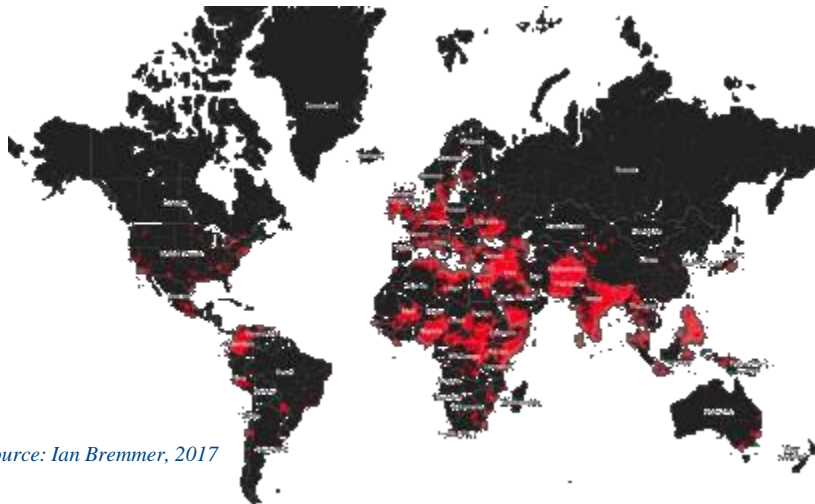
Source: Uppsala Conflict Database

Number of conflicts, by type



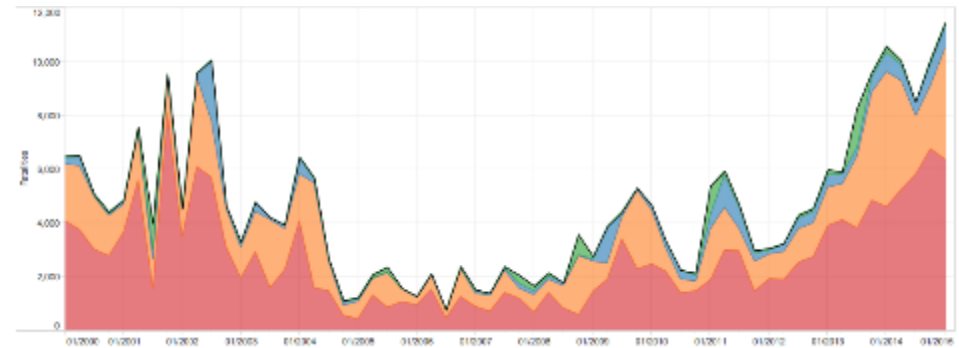
Source: World Bank, 2017

Map of terror attacks in 2016



Source: Ian Bremmer, 2017

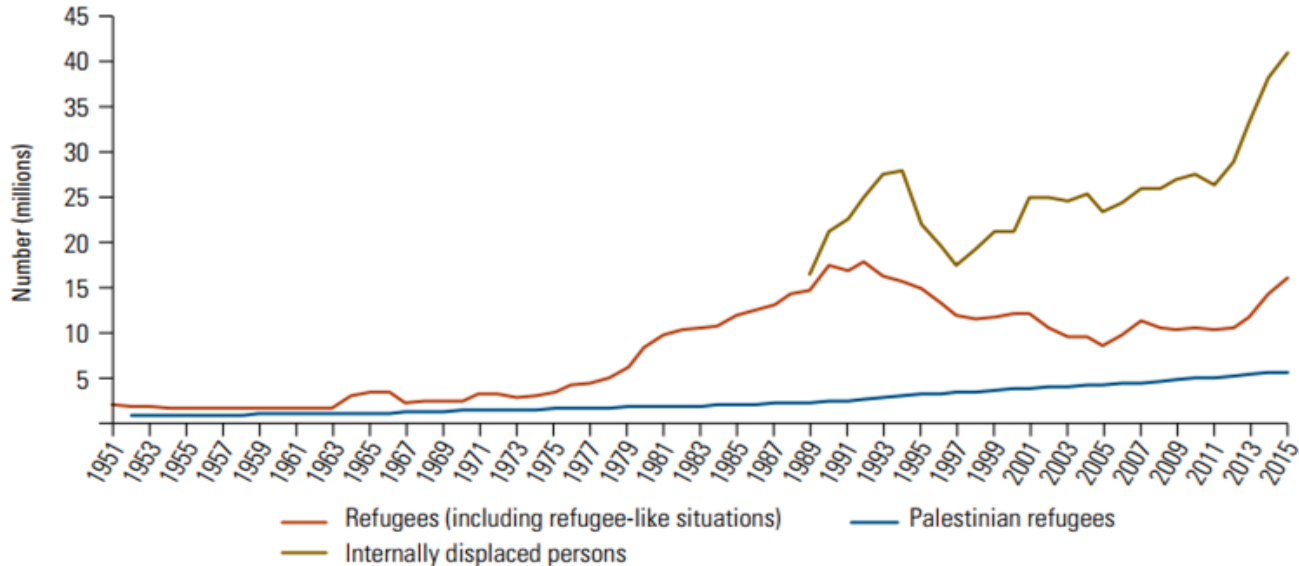
Violent deaths and conflicts in Africa



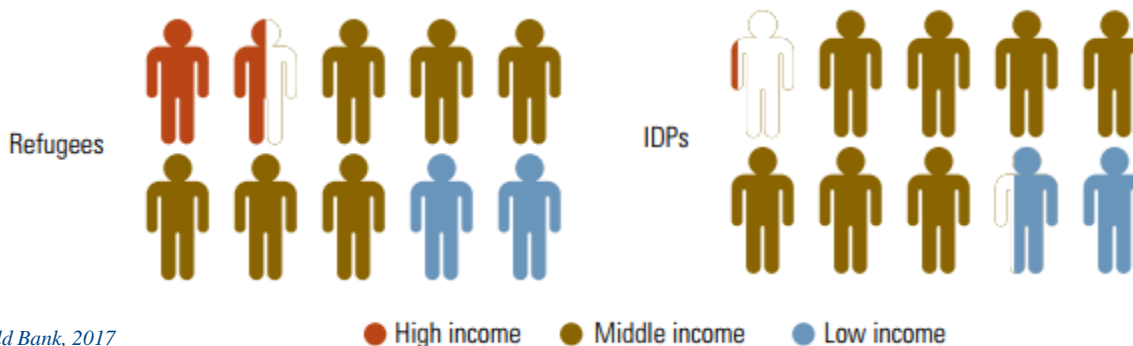
Source: World Bank Regional Update on Africa, 2017

Fragility and violence: Refugees and forced displacement

A threefold crisis: The global forcibly displaced population



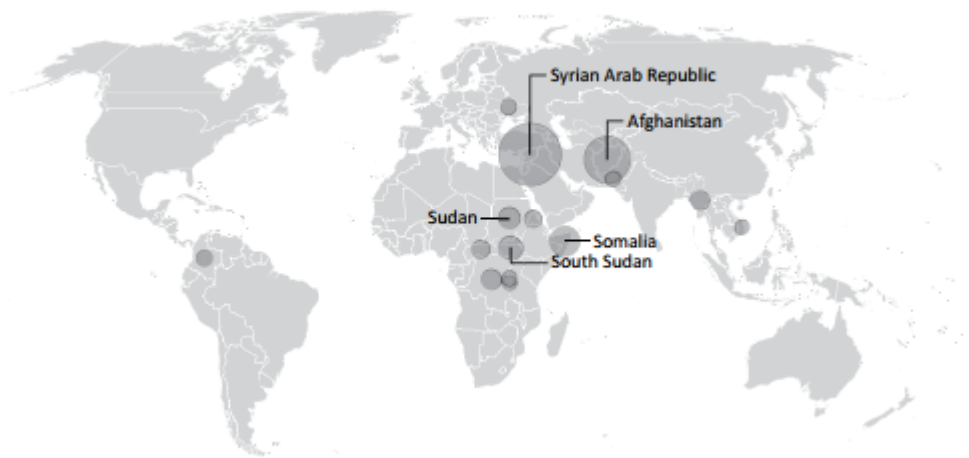
The crisis primarily affects the developing world



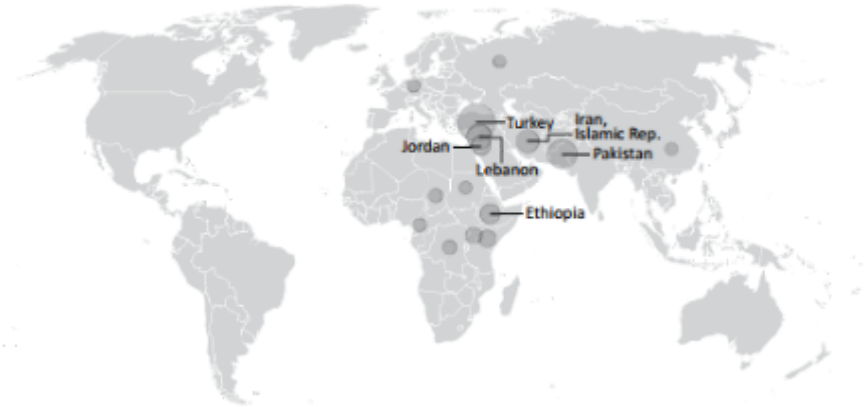
Fragility and violence: Refugees and forced displacement

The crisis primarily affects the developing world

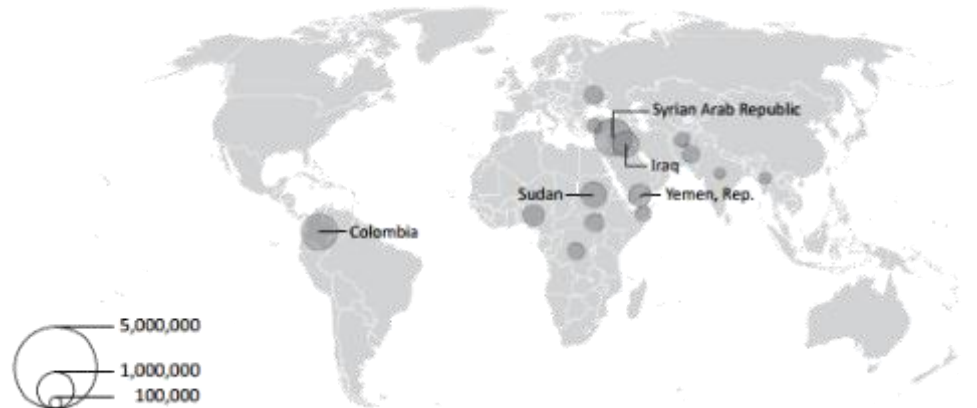
a. Refugee origin countries



b. Refugee host countries

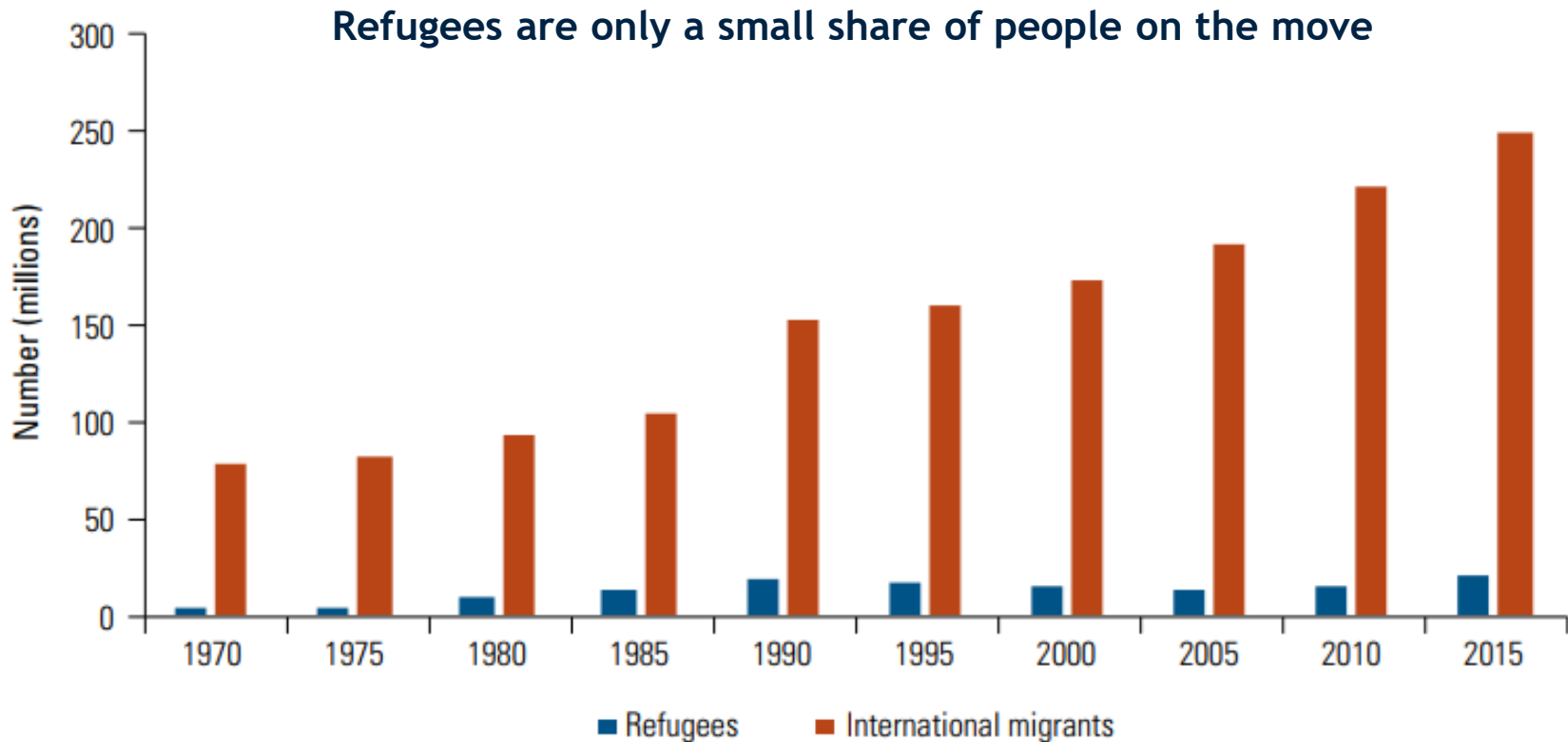


c. IDP countries



Fragility and violence

Migration

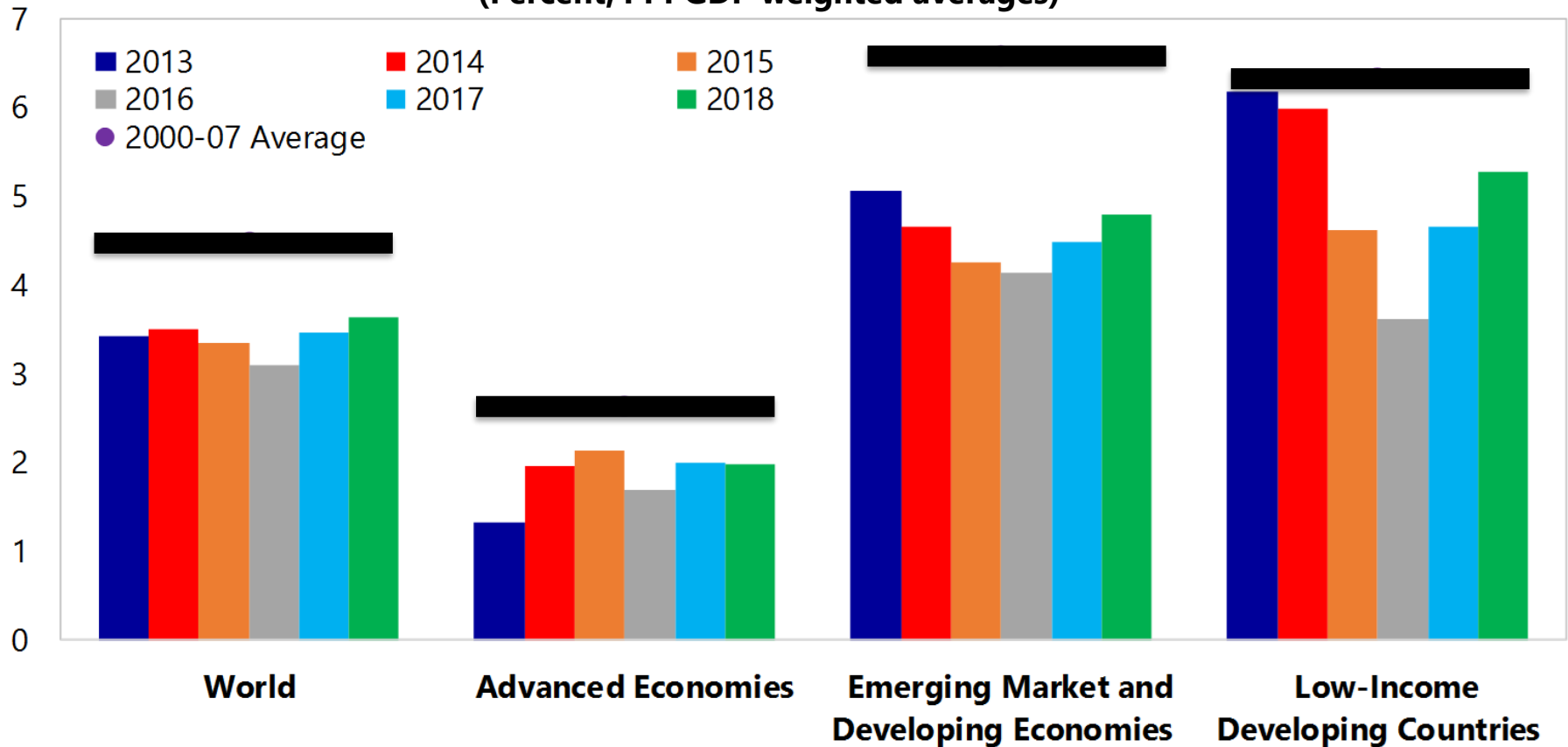


Source: Ratha et al. 2016.

Shifts and changes in the global economy

Growth is picking up but is still lower than the pre-crisis average

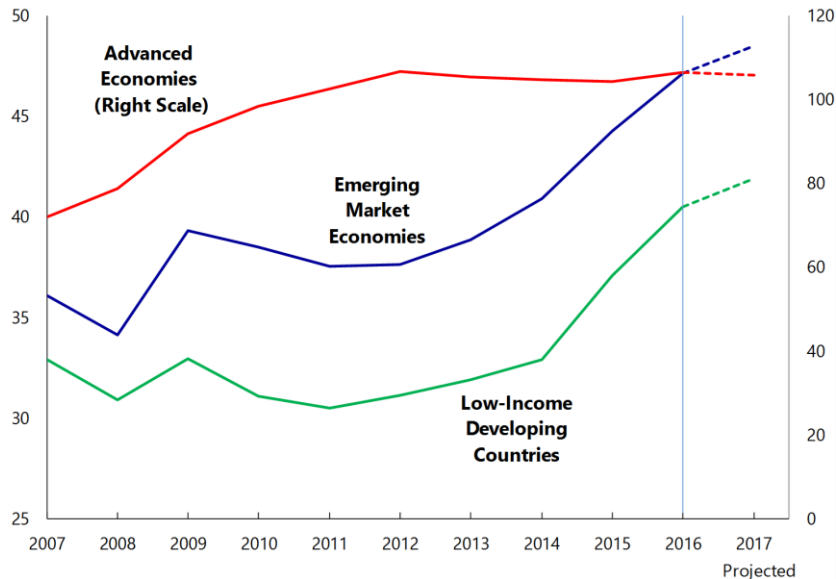
Real GDP Growth, 2013-2018
(Percent, PPPGDP weighted averages)



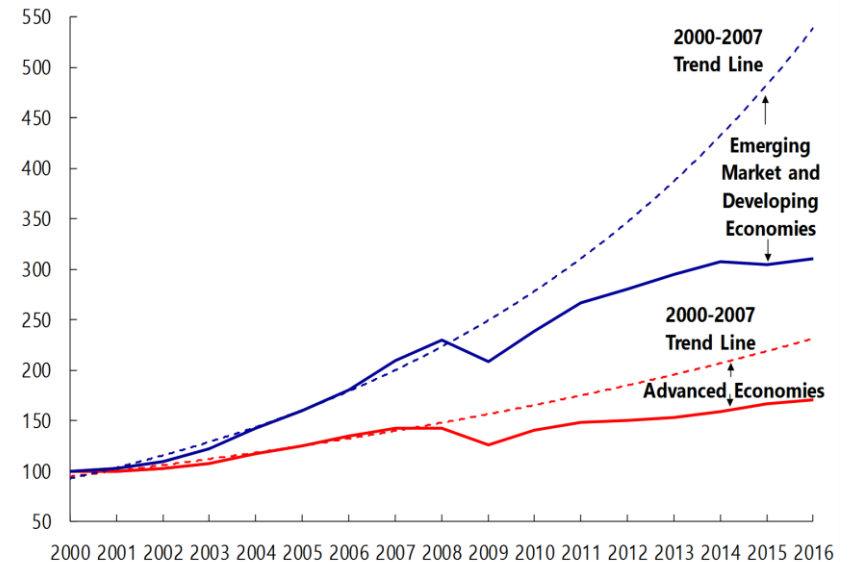
Shifts and changes in the global economy

Public debt burdens are rising and growth of international trade is slowing

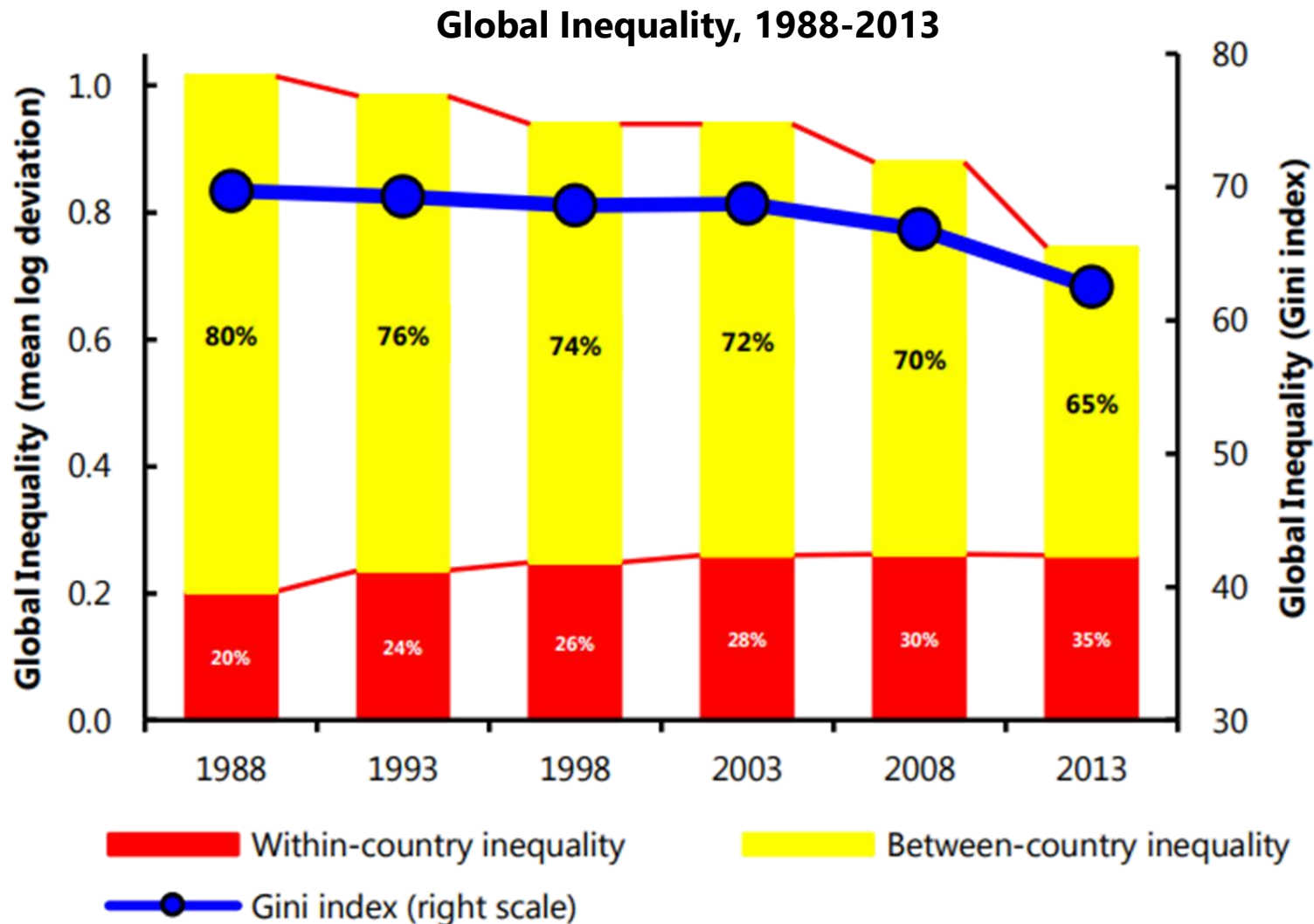
Public Debt, 2007-2017
(Percent of GDP, weighted averages)



Import Volume, Goods and Services, 2000-2016
(Constant prices, Index 2000=100)

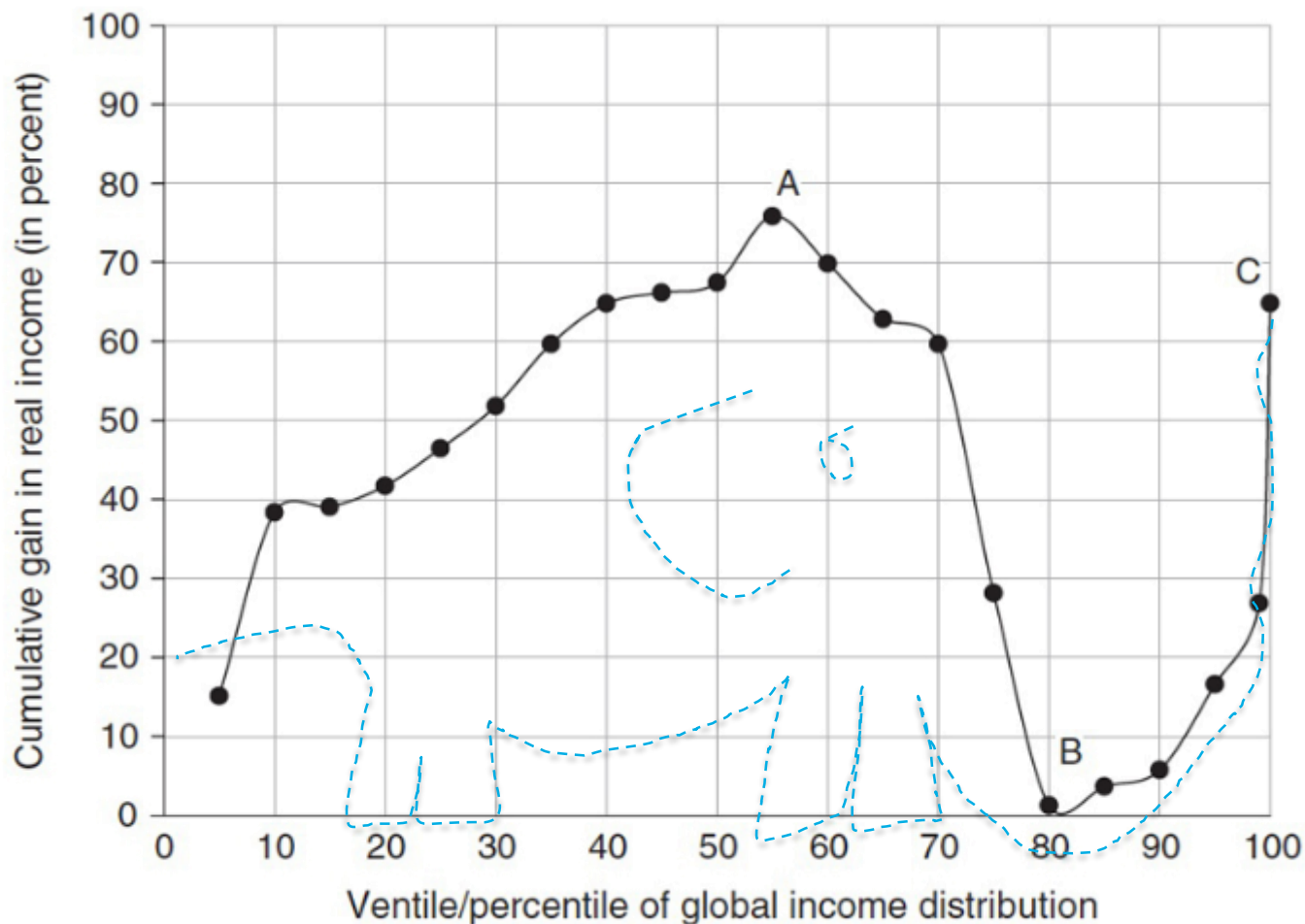


Inequality within countries is rising



Although inequality is rising within countries, it is declining across the global population

Relative gain in real per capita income by global income level, 1988-2008



The largest negative effect is on the lower and middle classes in developed economies

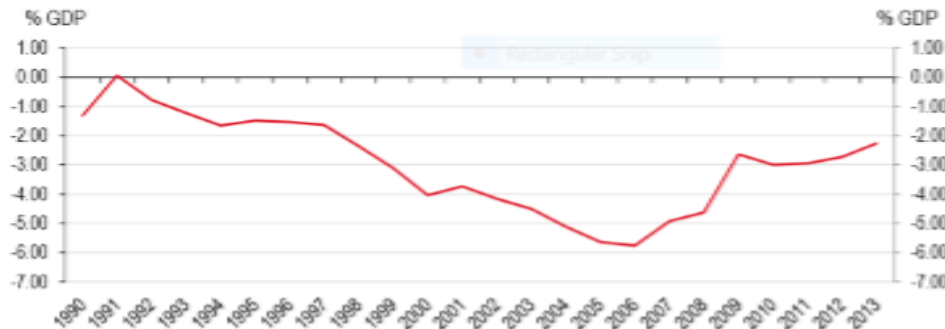
Inequality within countries is rising

The share of US pre-tax income accruing to the bottom 50 percent and top one percent of income earners, 1962-2014

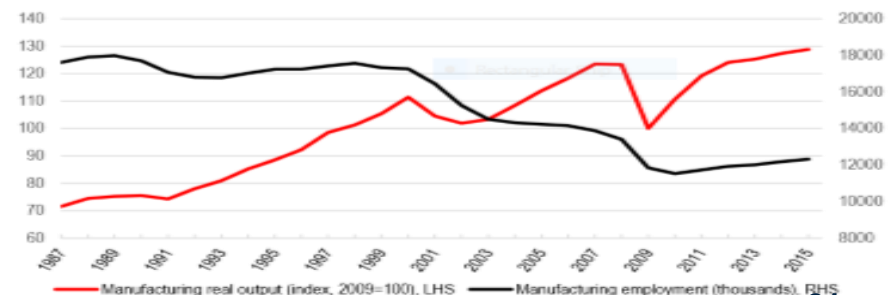


Blaming international trade for inequality is a mistake

USA - current account % GDP

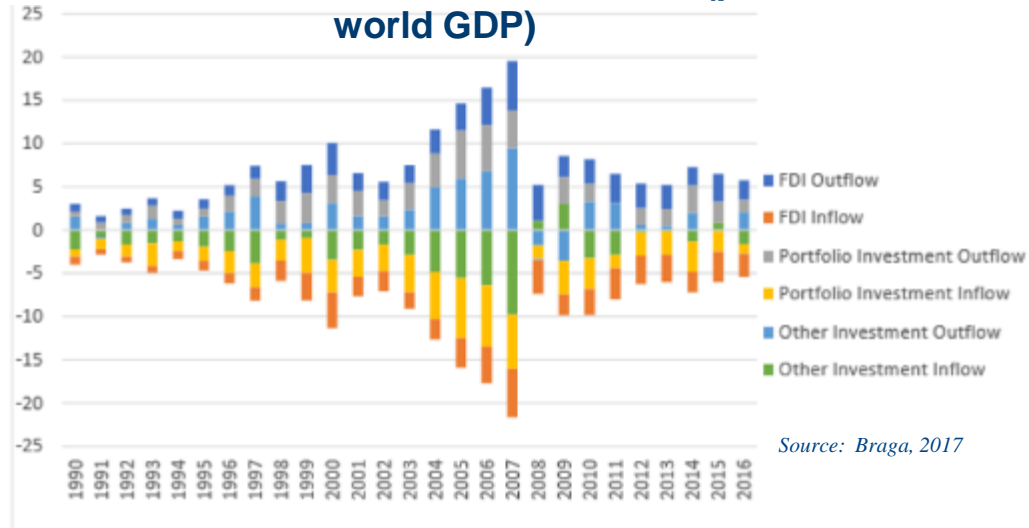


USA - Employment in manufacturing - the role of technology



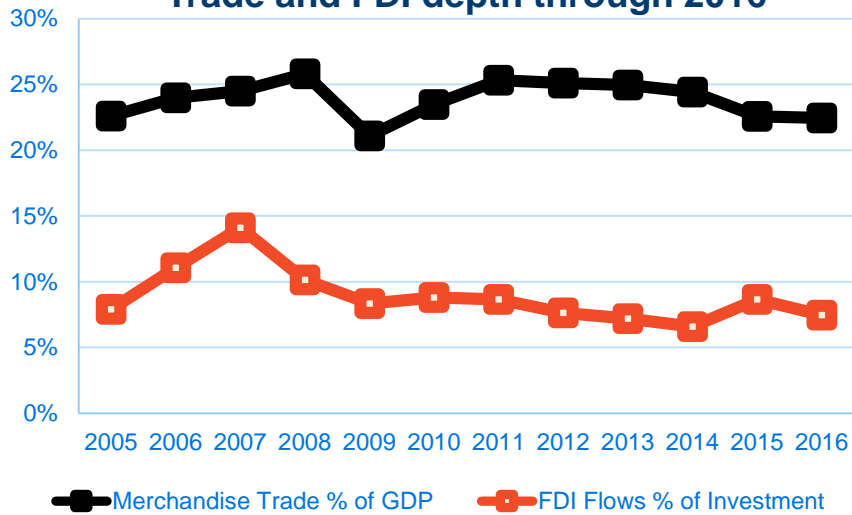
Is globalization retrenching?

Global Gross Financial Flows, 1990-2016 (percent of world GDP)



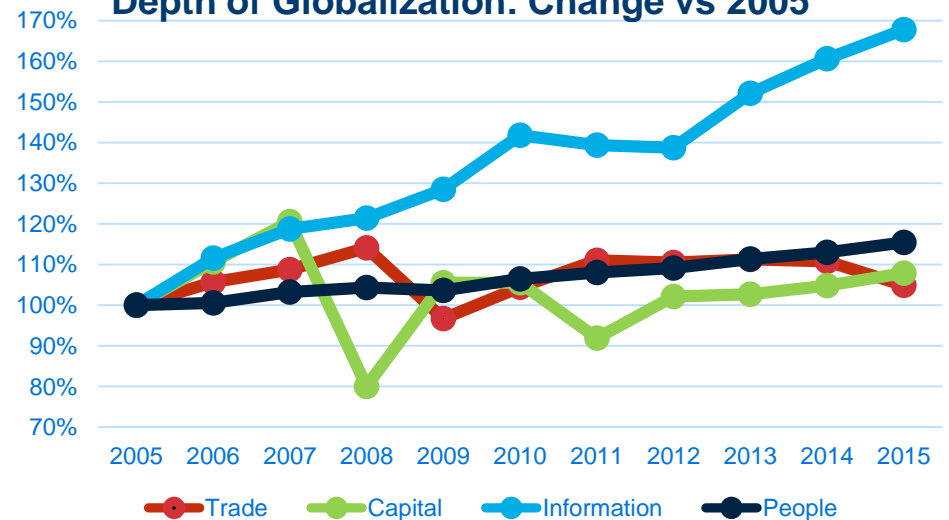
Source: Braga, 2017

Trade and FDI depth through 2016



Source: Ghemawat, 2017

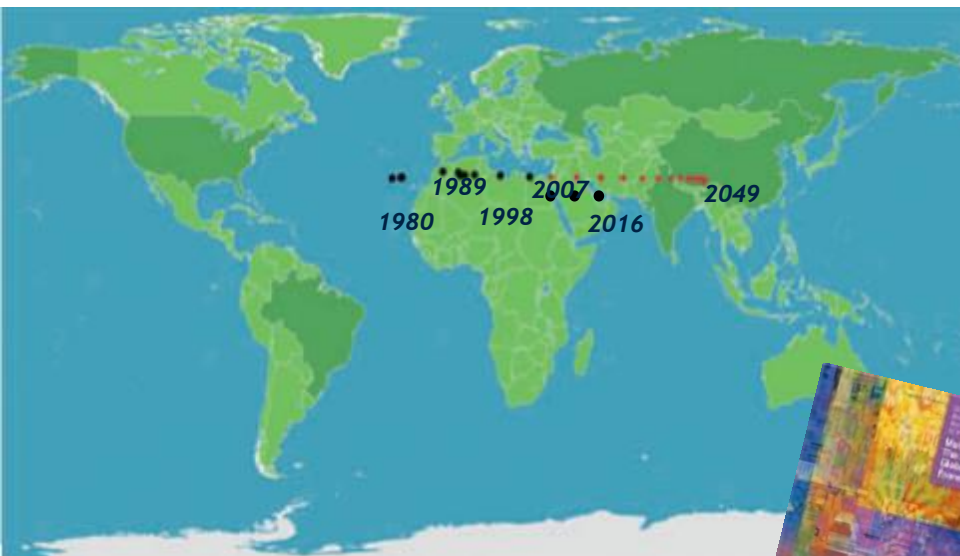
Depth of Globalization: Change vs 2005



Source: Ghemawat, 2017

Reflections on the new global economy: multipolarity

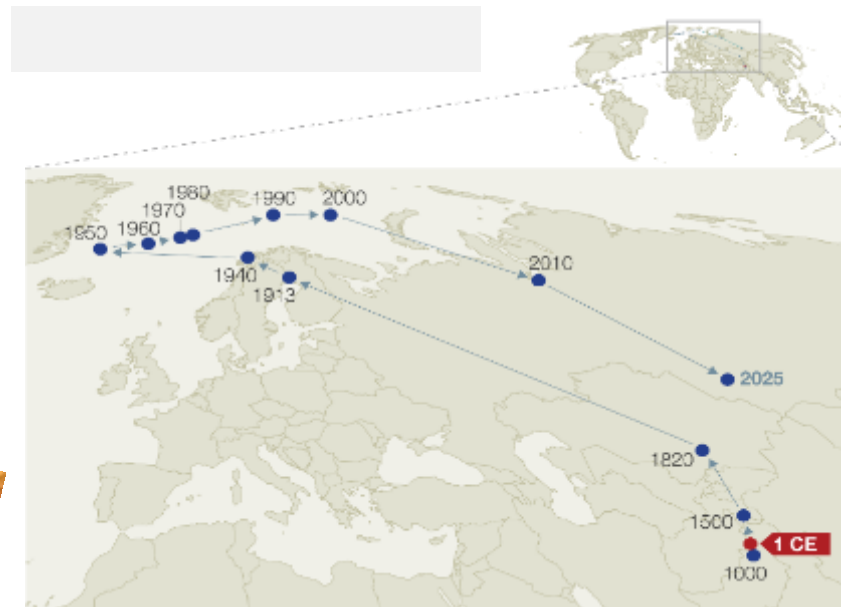
The world's economic center of gravity, 1980-2016, in black, at three-year intervals



Source: Danny Quah, 2011



Evolution of the earth's economic center of gravity: 1 CE to 2025



Source: McKinsey Global Institute, 2012

Reflections on the new global economy: multipolarity

List of Countries along One Belt One Road

There are 65 countries along One Belt One Road, which includes:

Eastern Europe (16)

- Romania
- Czech Republic
- Bulgarian
- Lithuania
- Slovenia etc.

West Asia & North Africa (16)

- Saudi Arabia
- United Arab Emirates
- Egypt
- Iran
- Turkey
- Israel etc.

South Asia (8)

- India
- Pakistan
- Bangladesh
- Nepal etc.

Commonwealth of the Independent States (11)

- Kazakhstan
- Uzbekistan
- Ukraine
- Kyrgyzstan etc.

Russia

Mongolia

China

Southeast Asia (11)

- Indonesia
- Thailand
- Malaysia
- Vietnam
- Singapore etc.

Source: literal search, Strategy& analysis

Source: Maha Kamel, 2017

Solutions: What to Avoid and What to Pursue

Solutions:

Avoid bad ideas

1. Dealing with joblessness by relying on the civil service;
2. Underpaying civil servants compared to the private sector;
3. Cutting fiscal deficits by sacrificing public investment in infrastructure;
4. Subsidizing energy except for very limited subsidies to highly vulnerable sections of the population;
5. Open ended protection for specific sectors;
6. Imposing administrative price controls;
7. Banning exports;
8. Exchange rate misalignment;
9. Resisting urbanization/underinvesting in infrastructure;
10. Ignoring environmental implications;
11. Poorly regulating the Banking sector and excessive interference;
12. Measuring educational progress solely by higher enrollments and ignoring the quality of education



Solutions:

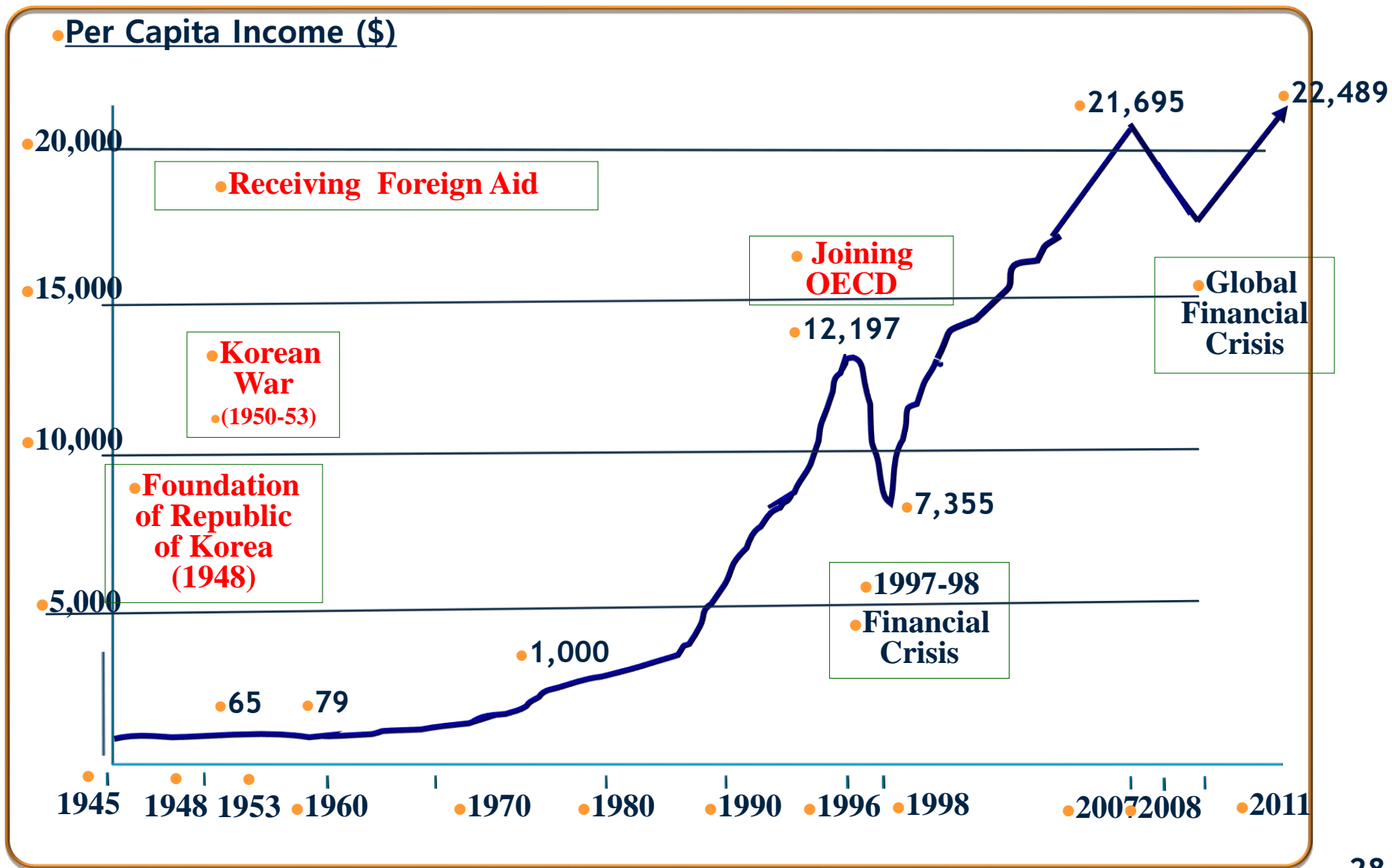
The policy ingredients of growth strategies

A list of common policies between countries with 7+ % growth over 25+ years



The Korean Example:

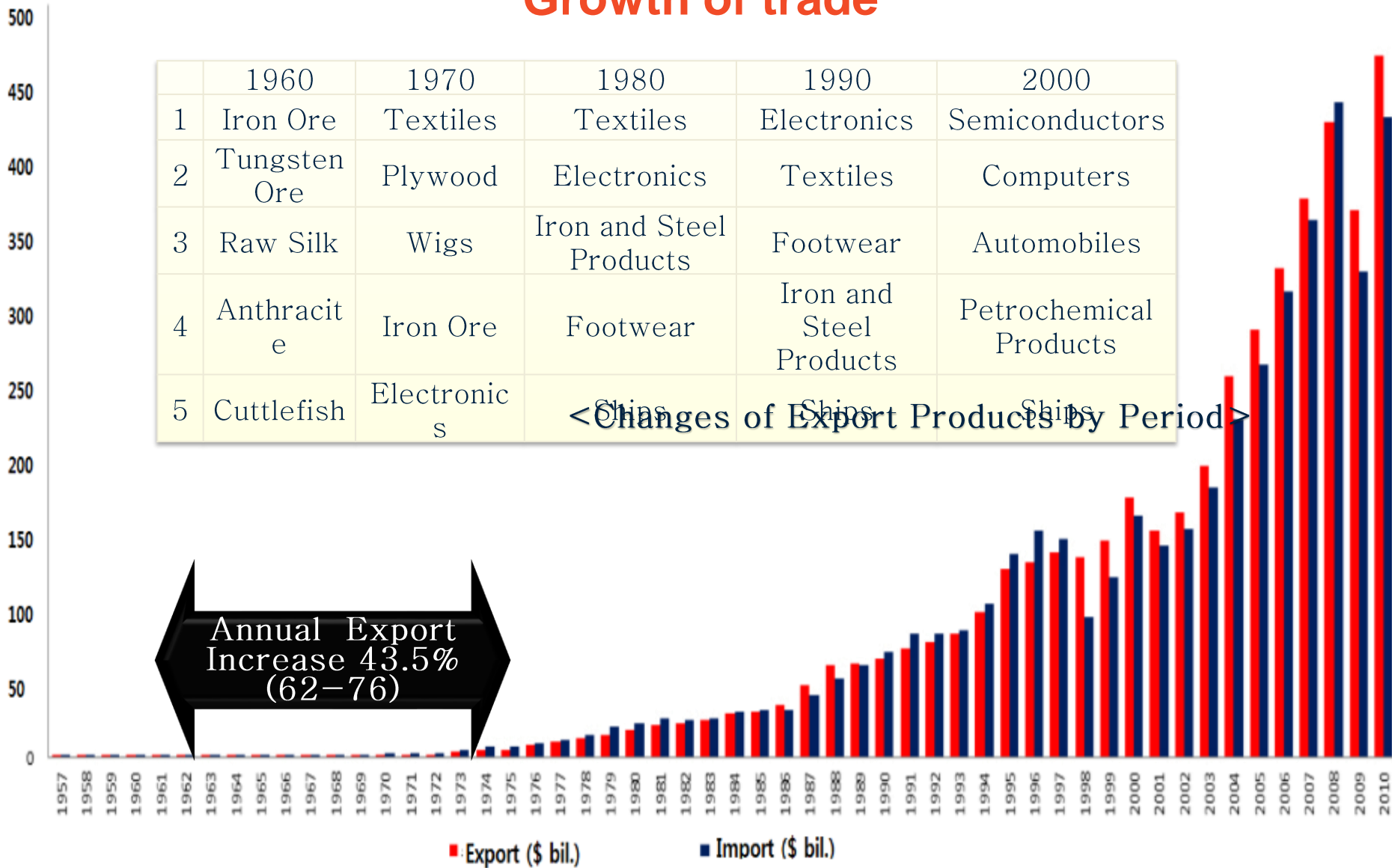
From LDC to OECD member



The Korean Example:

Growth of trade

	1960	1970	1980	1990	2000
1	Iron Ore	Textiles	Textiles	Electronics	Semiconductors
2	Tungsten Ore	Plywood	Electronics	Textiles	Computers
3	Raw Silk	Wigs	Iron and Steel Products	Footwear	Automobiles
4	Anthracite	Iron Ore	Footwear	Iron and Steel Products	Petrochemical Products
5	Cuttlefish	Electronic s	<Changes of Export Products by Period>		



The Korean Example:

Role of government

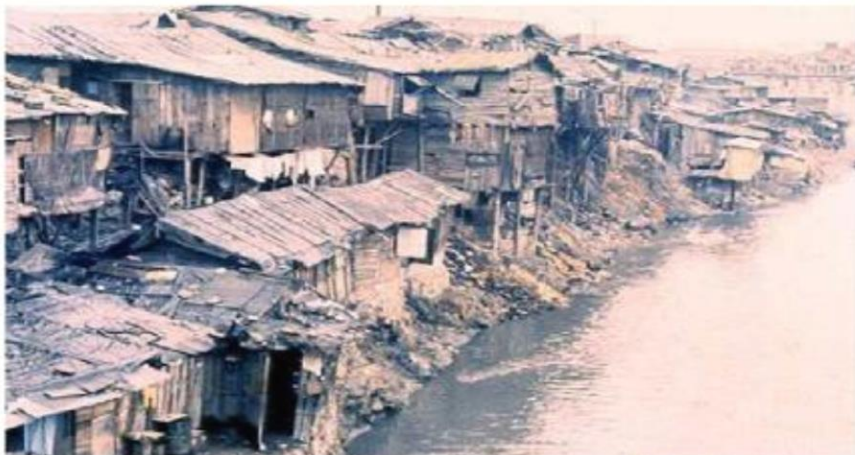


Korea after the Korean War...



Changes within one generation

With no natural resources, capital and technology.....



Cheong-Gye-Cheon Stream in Seoul in the 1950s

However, Korea achieved the Miracle of Han River.



Cheong-Gye-Cheon Stream in Seoul, Today

There are multiple paths of sustainable development



The 2030 Agenda and the Sustainable Development Goals

An Opportunity for Transformation: From MDGs to SDGs

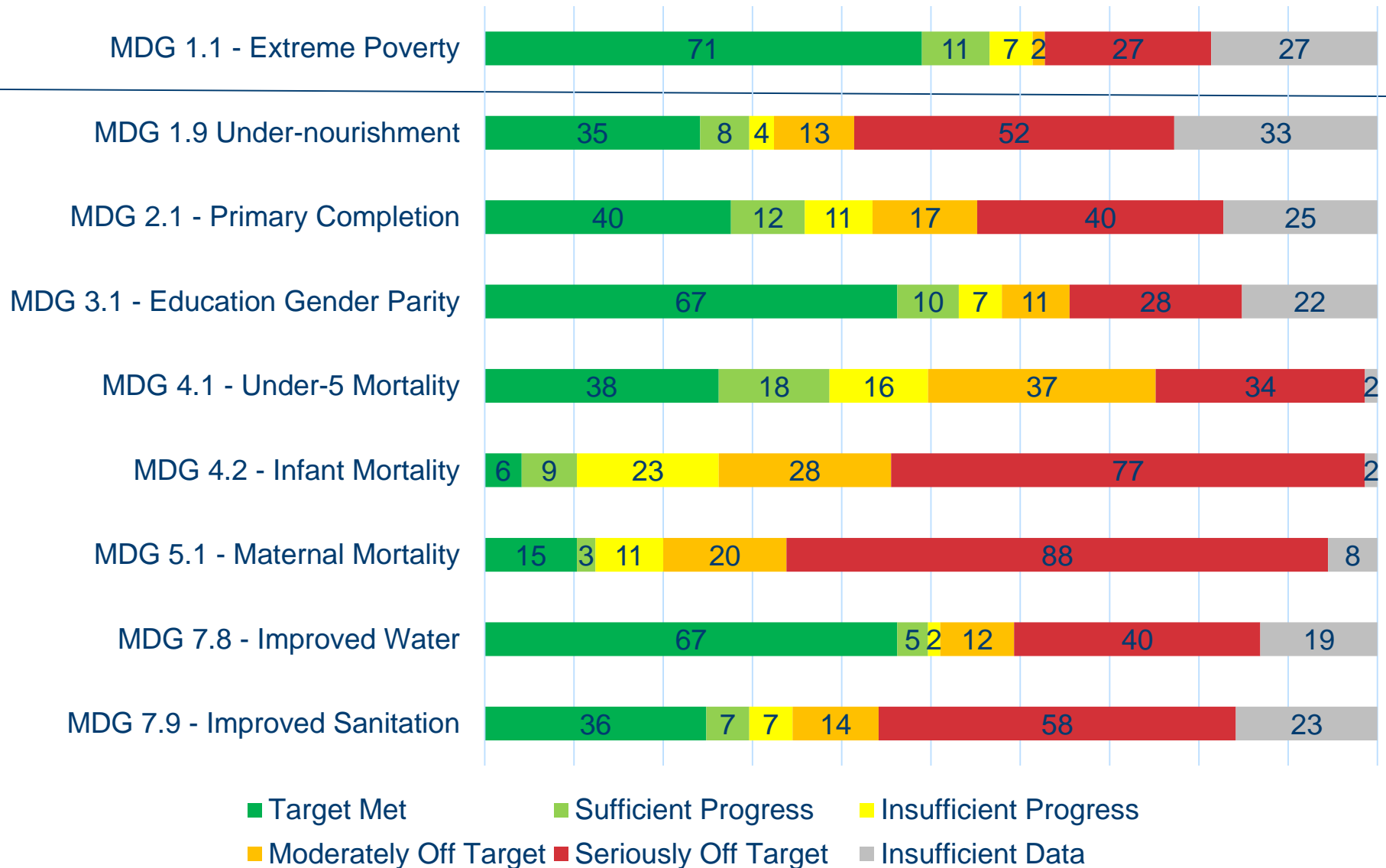


	MDGs (2000-2015)	SDGs (2016-2030)
Goals	8	17
Targets	21	169
Indicators	60	~231
Priority Areas	Human Development	Holistic: Economic, Social, Environmental
Scope	Developing Countries	Universal

The global development agendas serve as a compass and guide for countries to determine their national development path

Looking Back: MDG Progress

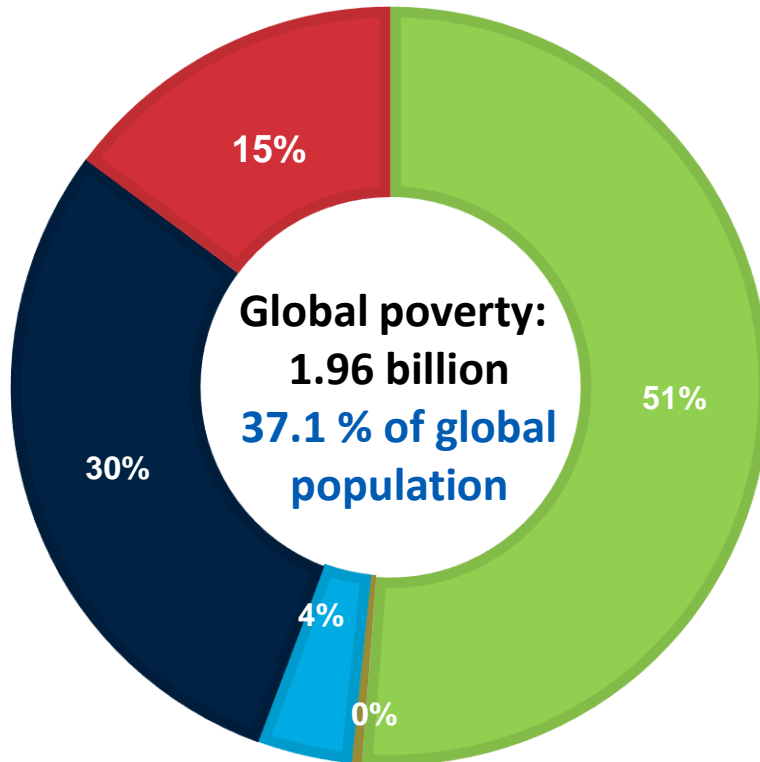
By number of countries



Progress on the MDGs

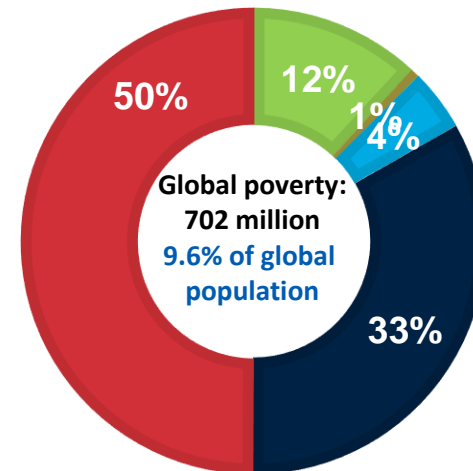
Share Of Global Poverty

1990



- East Asia and Pacific
- Latin America and the Caribbean
- Sub-Saharan Africa

2015



- Europe and Central Asia
- South Asia

An Opportunity for Transformation:

Lessons learned from the field

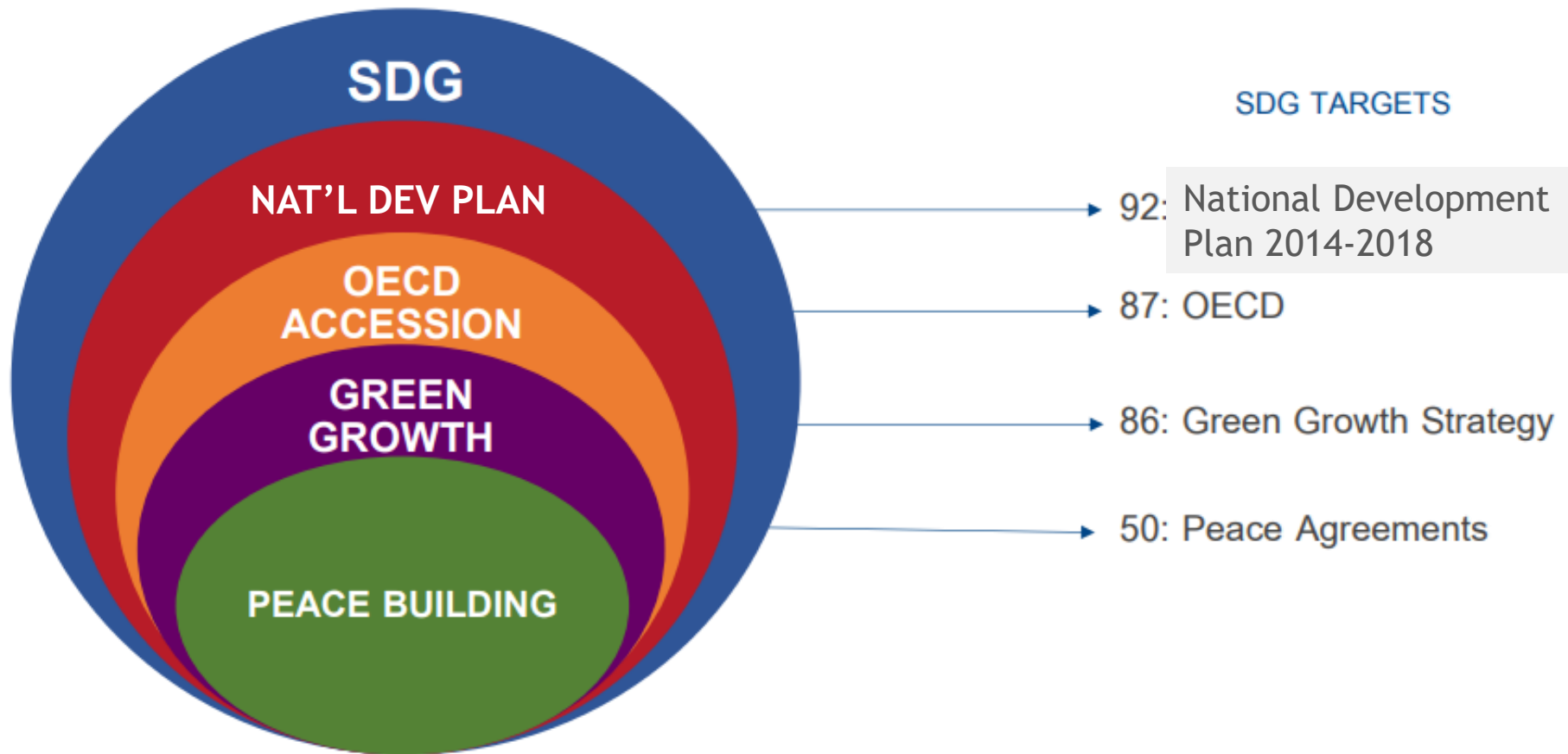
- Improve coordination and ensure the timeliness and effectiveness of policy instruments
- Localize implementation and prioritize engagement with communities and community mobilization
- Increase efficient allocation of resources
- Recognize and identify interrelatedness of development goals at the onset
- Ensure strong government involvement
- Promote quality data
- Increase cross-institutional collaboration
- Bridge the humanitarian and development agendas



OECD Accession

Coordination of development agendas

The Colombian Example



Active national agendas determine actions related to at least 146 SDG targets - 86%

OECD Accession

The Colombian Example

In order to allow Council to take an informed decision on the accession of Colombia, Colombia will undergo in-depth reviews by the following technical OECD committees which will provide a formal opinion to the Council:

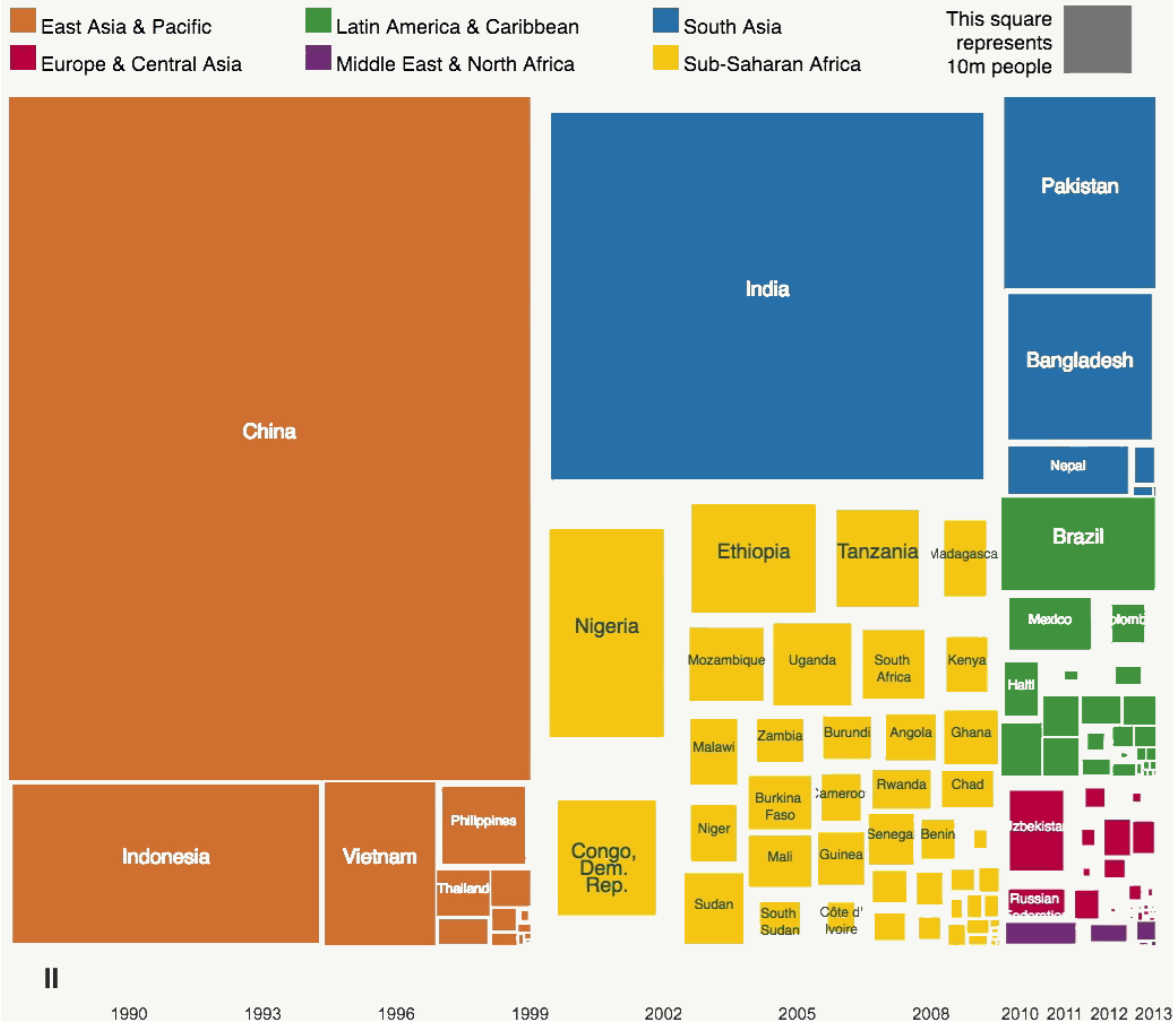
1. Investment Committee;
2. Working Group on Bribery in International Business Transactions;
3. Corporate Governance Committee;
4. Committee on Financial Markets;
5. Insurance and Private Pensions Committee;
6. Competition Committee;
7. Committee on Fiscal Affairs;
8. Environment Policy Committee;
9. Chemicals Committee;
10. Public Governance Committee;
11. Regulatory Policy Committee;
12. Territorial Development Policy Committee;
13. Committee on Statistics;
14. Economic and Development Review Committee;
15. Education Policy Committee;
16. Employment, Labour and Social Affairs Committee;
17. Health Committee;
18. Trade Committee and the Working Party on Export Credits;
19. Committee for Agriculture;
20. Fisheries Committee;
21. Committee for Scientific and Technological Policy;
22. Committee for Information, Computer and Communications Policy;
23. Committee on Consumer Policy

World Bank Twin Goals

Data:

Crucial to understand how trends are shifting

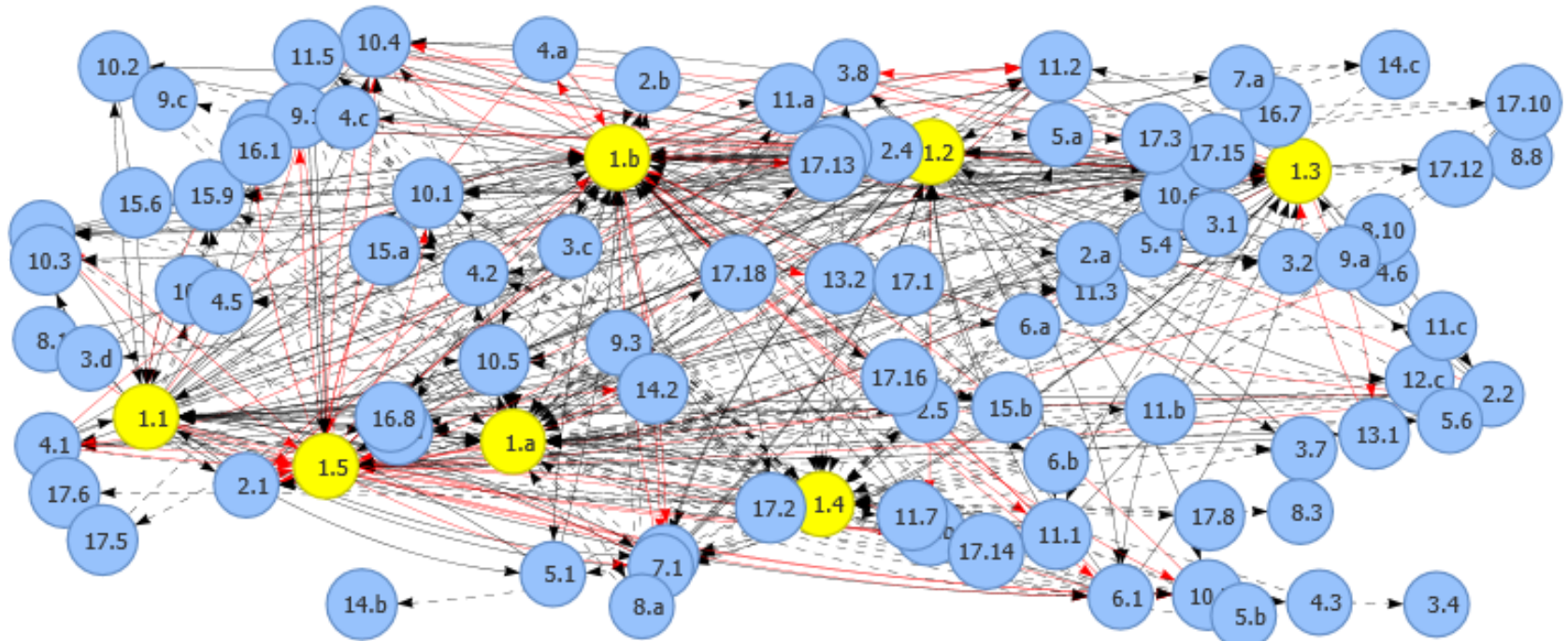
People living in extreme poverty,



SDG Interlinkages and Data Visualization

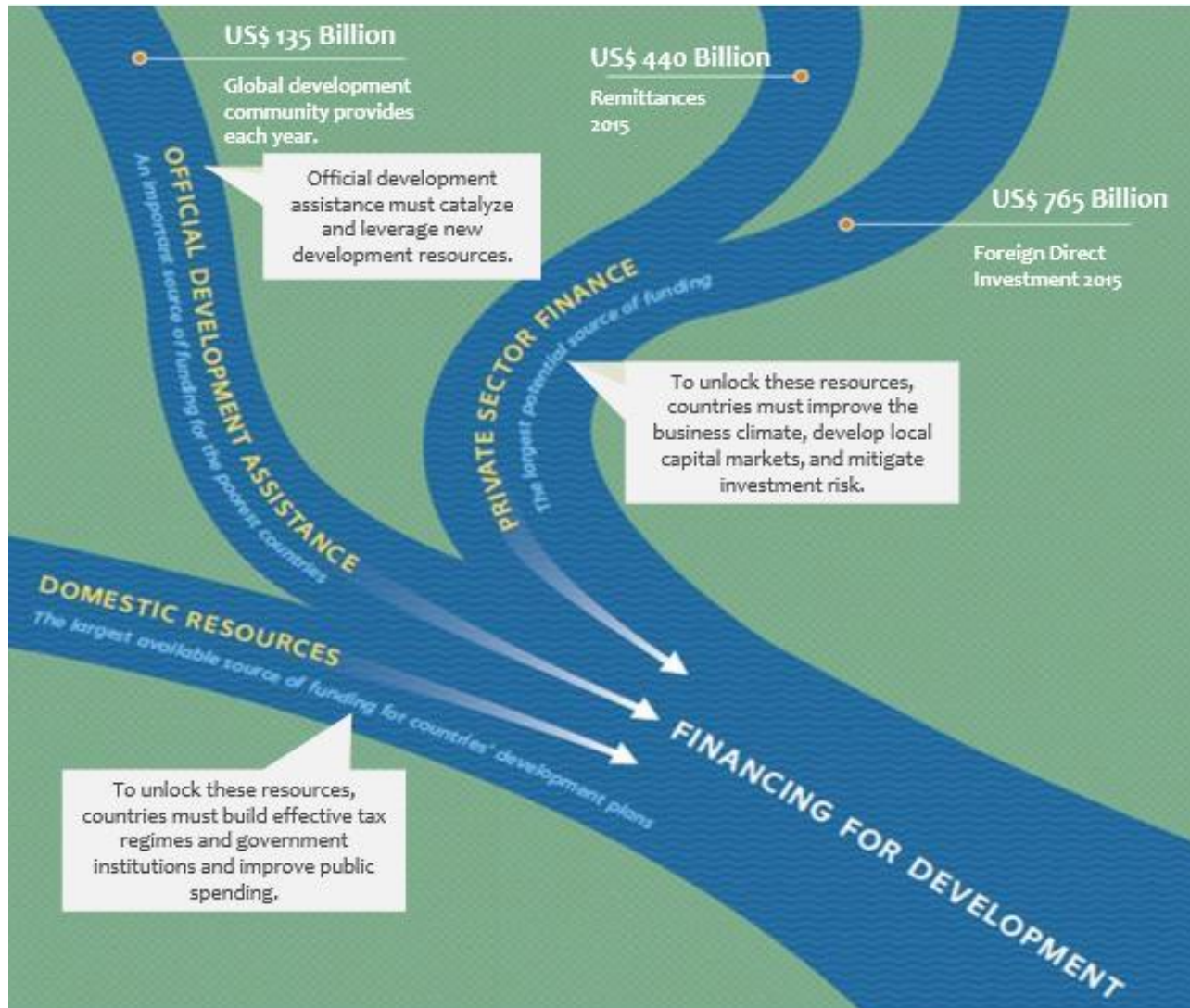
The case of Japan:

Japan's goals interlinked to SDG 1



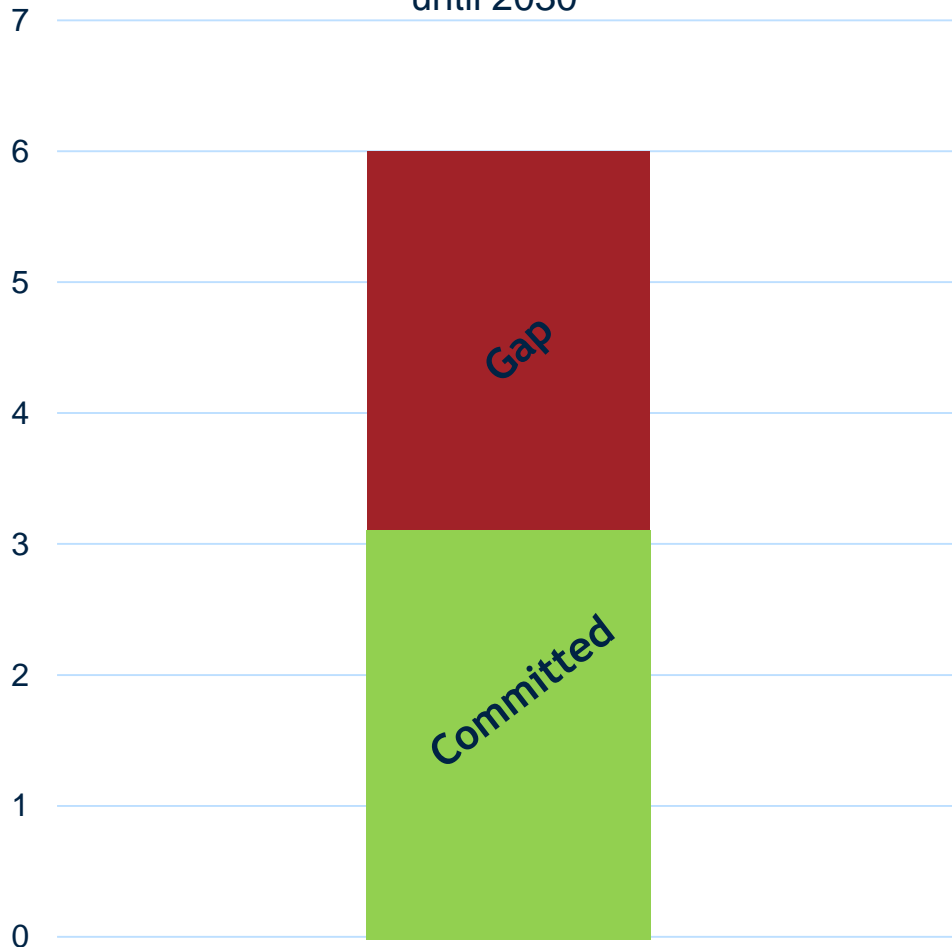
Financing sustainable development:

The key components



Financing sustainable development

\$ Trillion Annual Average Infrastructure Investment until 2030



How much is out there?

More than
\$10 trillion
invested in
negative
interest rate
bonds

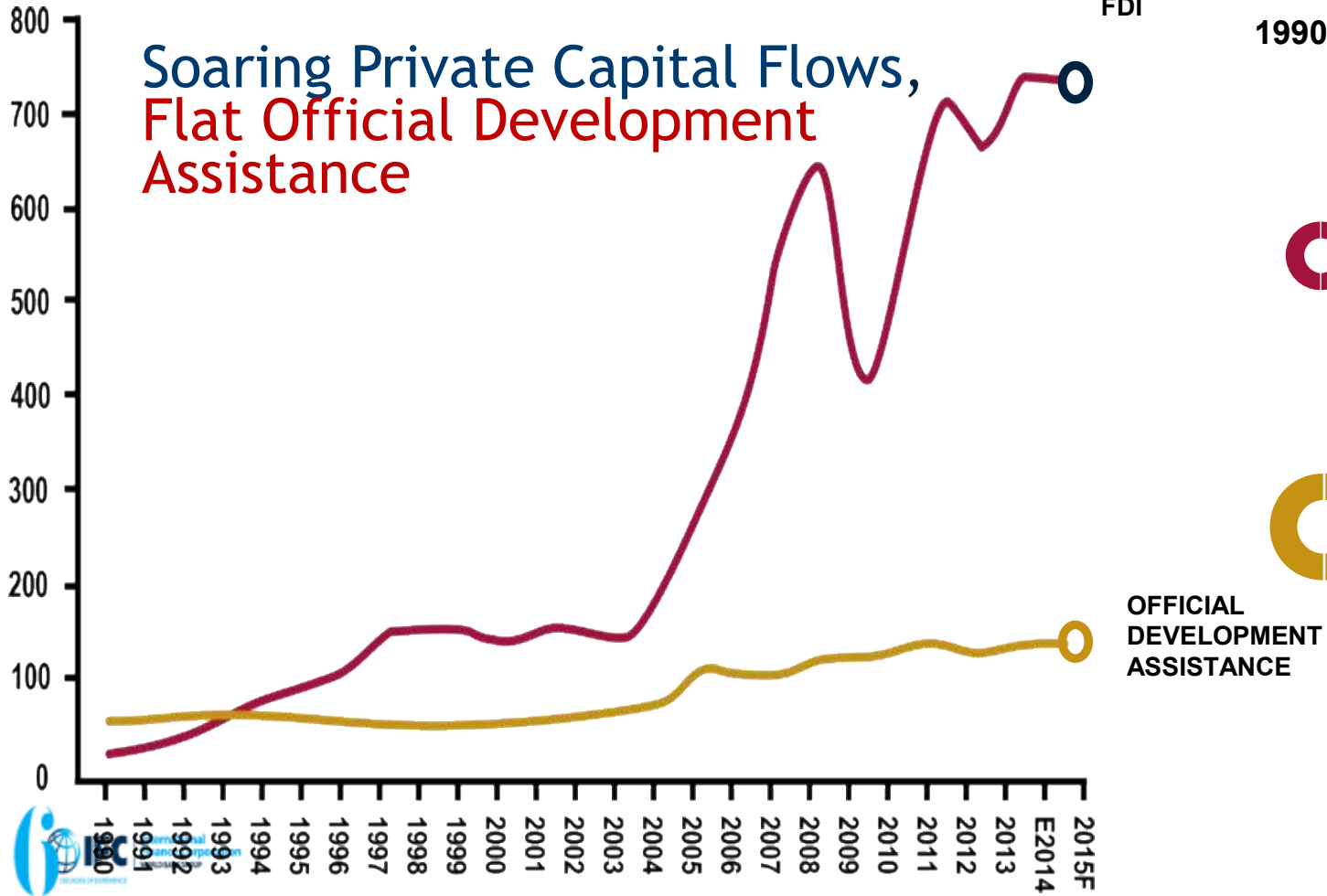
\$24.4
trillion in
low-yield
government
securities

\$8 trillion
sitting in
cash

Financing sustainable development

Private sector engagement is critical

\$ BILLIONS



Soaring Private Capital Flows,
Flat Official Development
Assistance

FDI

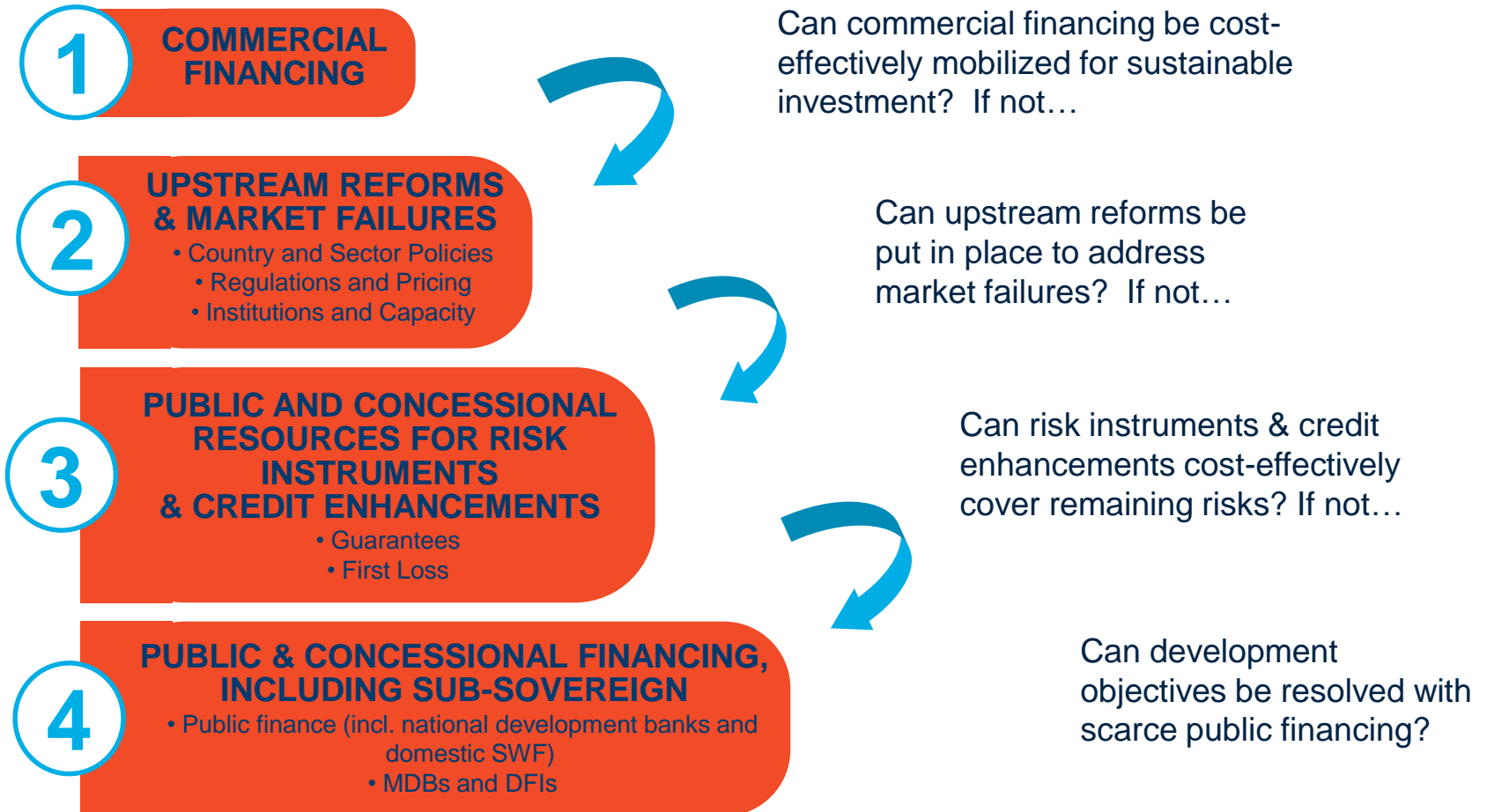
1990

2015

OFFICIAL
DEVELOPMENT
ASSISTANCE

Financing sustainable development

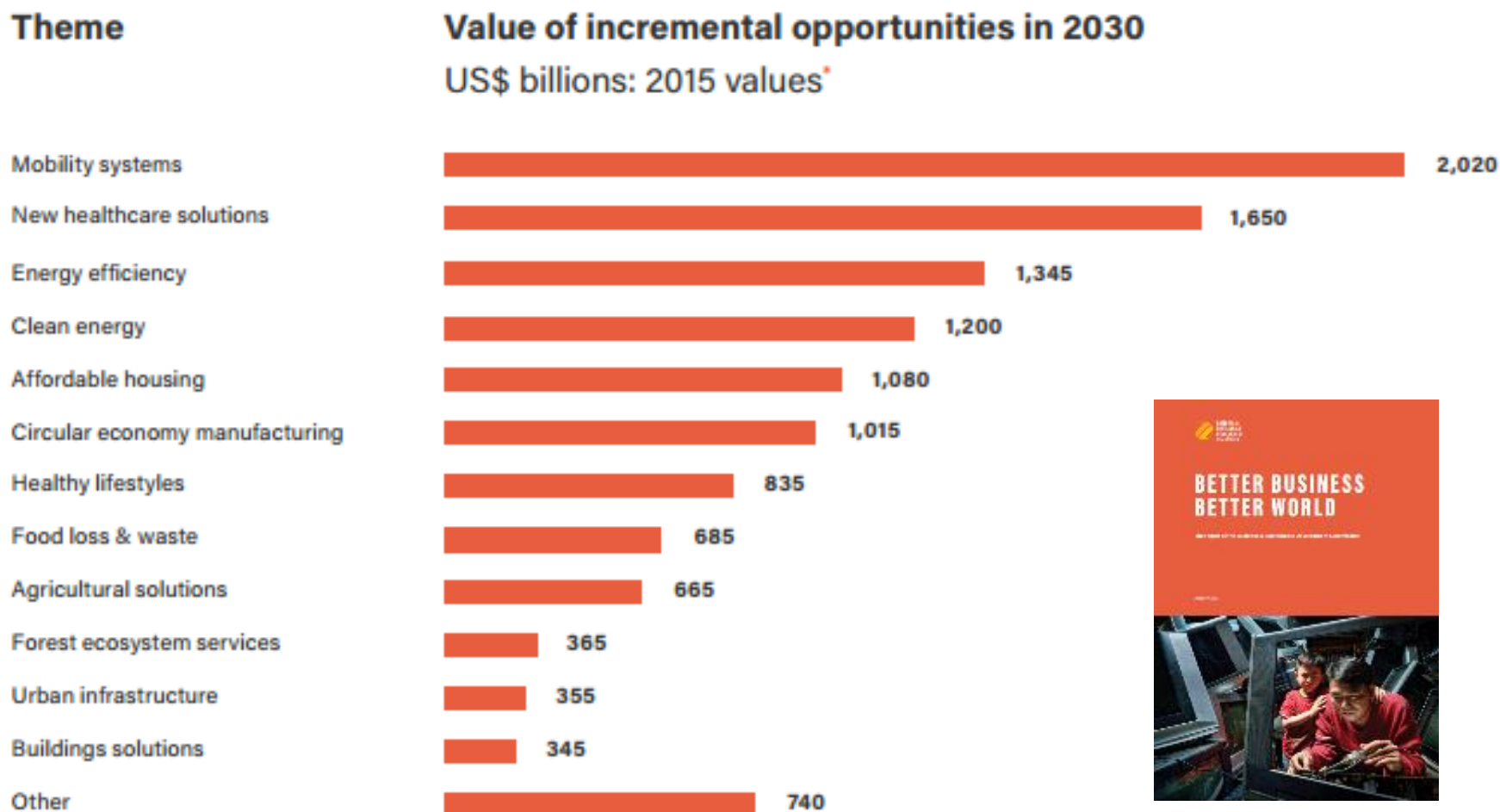
Private sector engagement needs to increase



Financing sustainable development

Opportunities for the private sector

12 largest business themes in a world economy heading for the SDGs

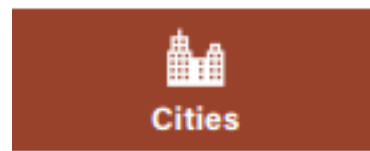


Financing sustainable development

Opportunities for the private sector



The SDGs open up **US\$12 trillion** of market opportunities in four economic opportunities:



- These economic systems represent around **60 percent** of the real economy and are critical to meeting the SDGs.
- To capture these opportunities in full, businesses need to **pursue social and environmental sustainability as avidly as they pursue market share and shareholder value.**
- If a critical mass of companies joins us in doing this now, **they will become an unstoppable force.**
- **If they don't**, the costs and uncertainty of unsustainable development could swell **until there is no viable world in which to do business.**

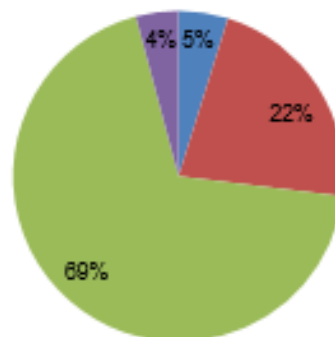
Financing sustainable development

Role of Sovereign Wealth Funds

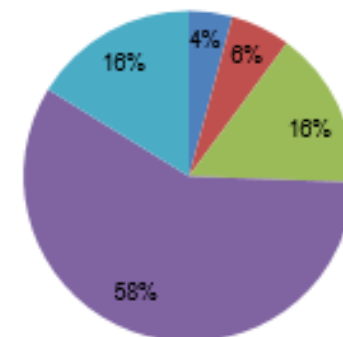
Main Elements of SWF Policy



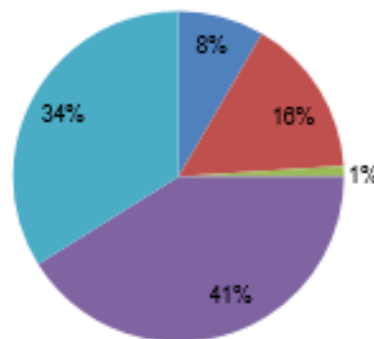
Stabilization Funds



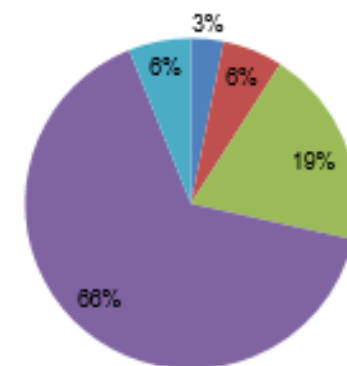
Saving Funds



Pension Reserve Funds

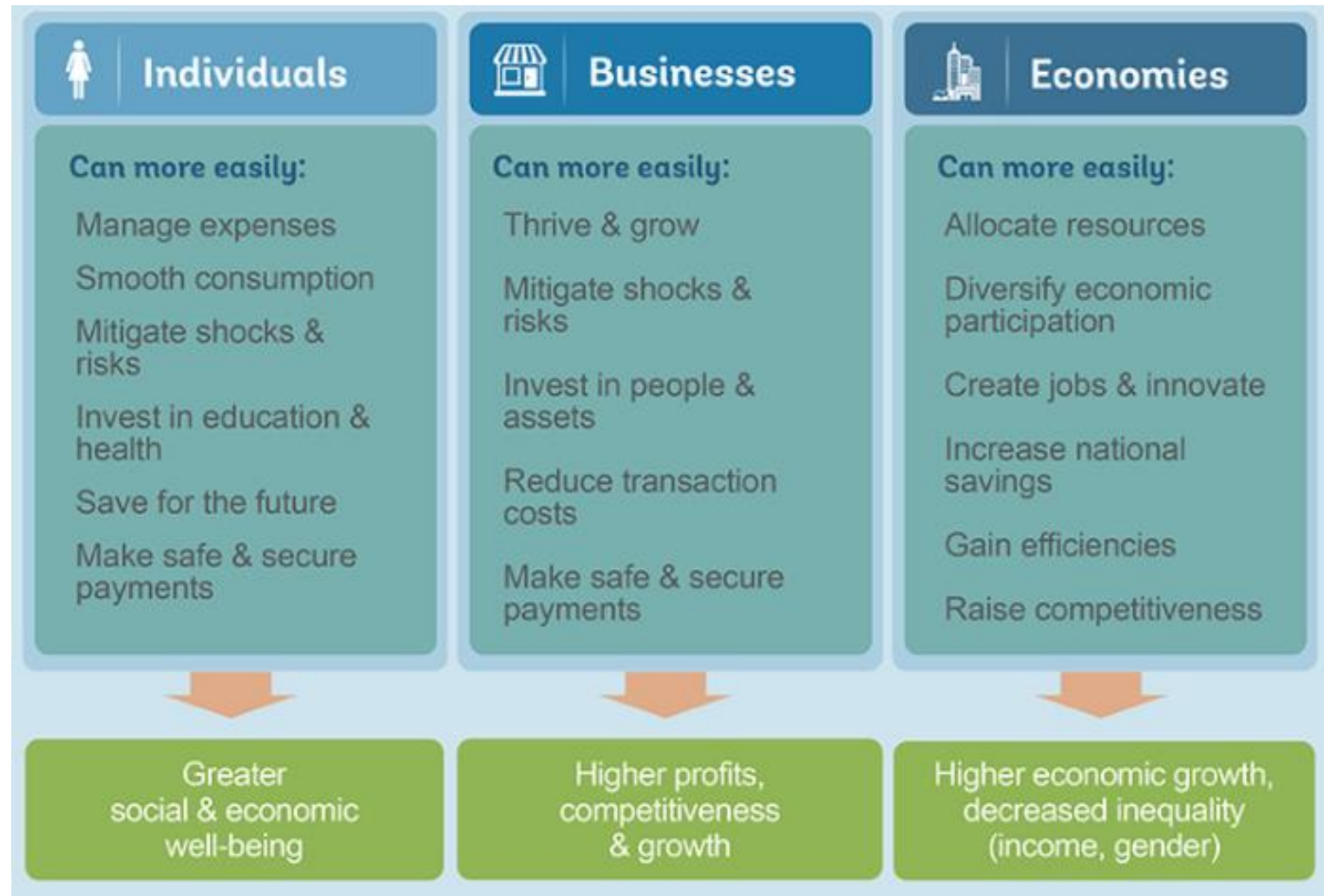


Reserve Investment Funds



Financing sustainable development

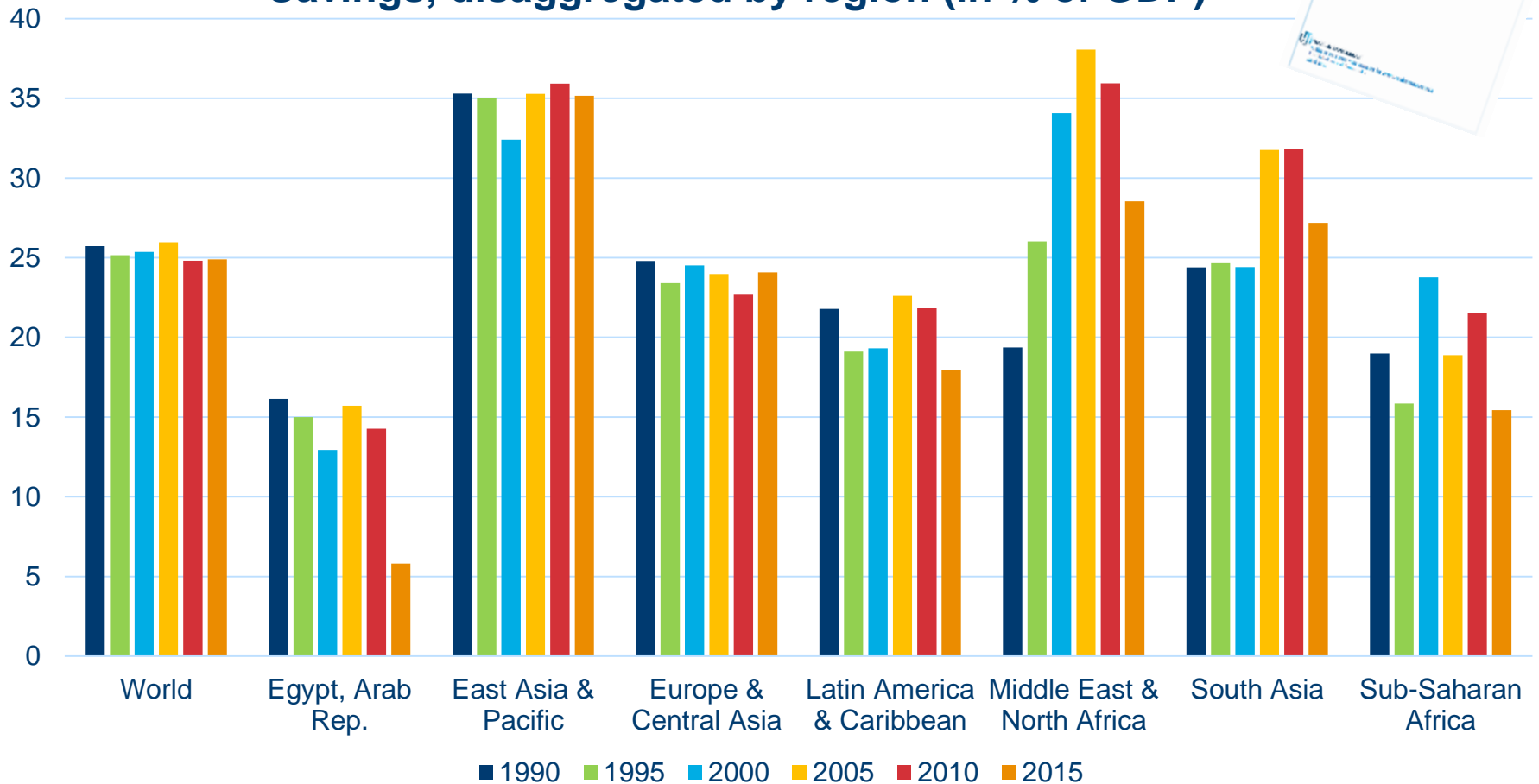
Role of financial inclusion



Financing sustainable development

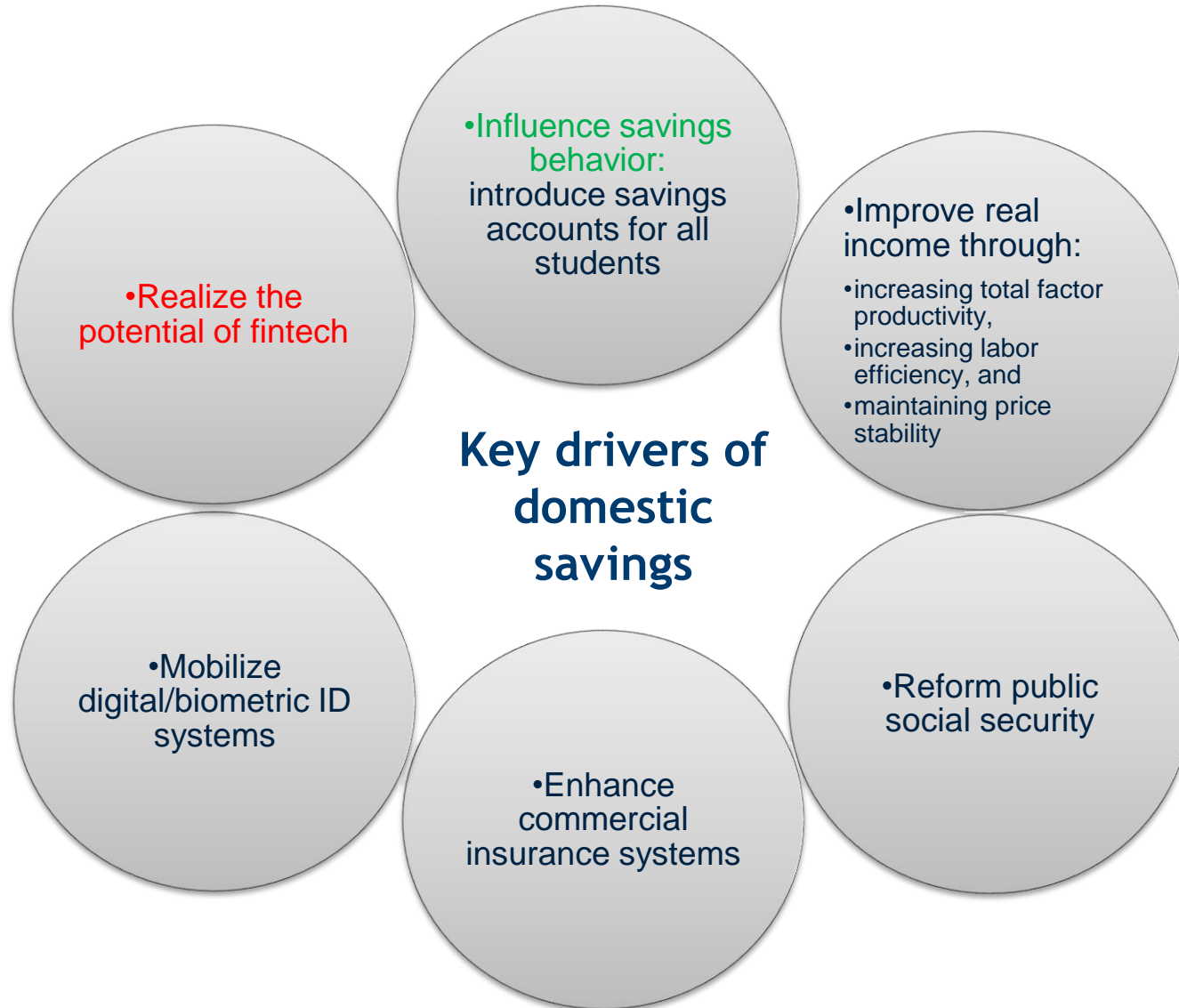
Role of savings

Savings, disaggregated by region (in % of GDP)











Financing sustainable development:

Role of savings



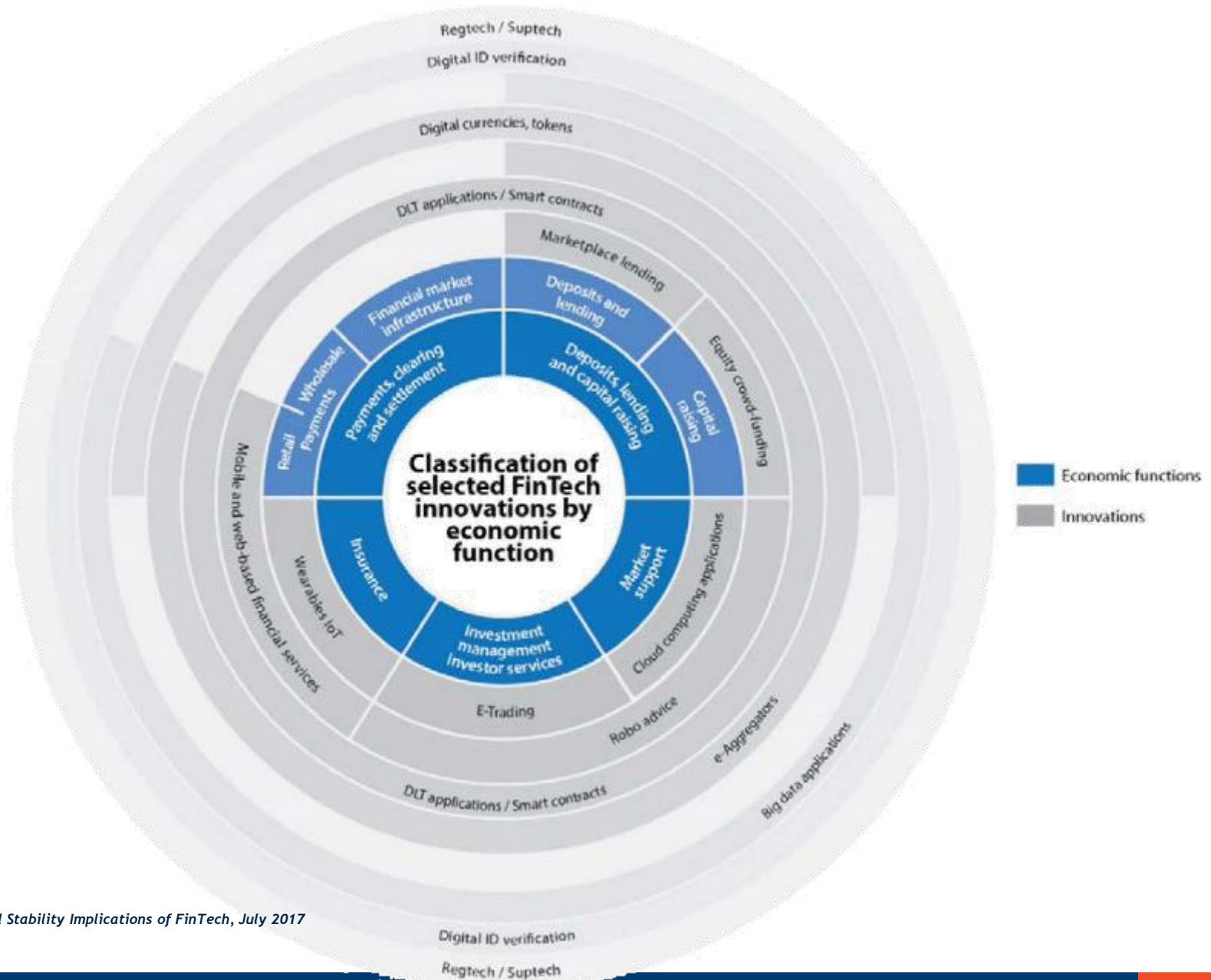
Financing sustainable development:

“Digitization” is disrupting every part of financial services

Digitization Of:	Money	Cash Transfers	Identity	Origination / Lending	Payments	Capital Markets Infrastructure	Supply Chain/ Invoicing	Savings and Insurance
Drivers	<ul style="list-style-type: none"> Ecommerce Convenience Govt action (e.g. India) Transport 	<ul style="list-style-type: none"> Govt efficiencies Govt policy programs Fraud reduction 	<ul style="list-style-type: none"> KYC, security SIM reg., govt payments E-services, elections Falling costs biometrics Mobile devices 	<ul style="list-style-type: none"> Big data (KYC automation) Need for transparency + efficiency Convenience Digital identity 	<ul style="list-style-type: none"> Global trade Ecommerce Business & leisure travel 	<ul style="list-style-type: none"> Search for global returns Convenience of personal investments Democratization of share ownership 	<ul style="list-style-type: none"> Business need for efficiency, convenience, transparency Govt push for transparency + tax compliance 	<ul style="list-style-type: none"> Data analytics & underwriting Falling interest rates & invest income Business need for efficiency & risk assessment
Opportunities	Account service providers; cash collection networks; regulatory advice to govts	Govt payment contractors (govts may unintentionally create largest payment banks)	Govt platforms for digital ID followed by innovative private-sector led applications	Digital lenders, marketplaces, originators, Scale SME Lending, Robo advice	Money transfer operators, cross border payment networks, FX operators	Back office operations, main exchanges (stock, currency, bonds, derivatives)	Back office operations, exchanges, value chain securitization	Direct insurance, online brokers & advisors, data and analytics, aggregators
Location	Global - populous countries first	Markets with cash transfer programs	Country specific and global (ID4D is global, regional, country specific)	Global - focus on large demographics	Global - main trade corridors	Financial market capitals (NY, London, Tokyo)	Regional & cross border	Global, regional and country specific
Impact	1.5 Bn wallets in 6 years	Over 300m accounts	1.5 Bn people without ID	\$34 Bn in China alone	\$3.6Trn value globally p.a.	\$20Trn p.a. global flows	>\$1Trn p.a. in LAC alone	>5 Trn GWP, >15 Trn AUM
Examples								

Source: World Bank Group, 2017

Financing sustainable development: Fintech will become critical



The practice of sustainable development

INVEST IN PEOPLE



INVEST IN INCLUSIVE GROWTH



INVEST IN RESILIENCE



Achieve the twin goals of ending extreme poverty and boosting shared



The practice of sustainable development

Invest in people
Learning to realize
education's promise

Ensure quality
education for all

Sustainable Development Goal 4
Ten targets



4.1 Universal primary and secondary education
4.2 Early childhood development and universal pre-primary education
4.3 Equal access to technical/vocational and higher education
4.4 Relevant skills for decent work
4.5 Gender equality and inclusion

4.6 Universal youth and adult literacy
4.7 Education for sustainable development and global citizenship
4.a Effective learning environments
4.b Expand the number of scholarships available to developing countries
4.c Increase the supply of qualified teachers

ELYX by AK

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development

Invest in people:
Learning to realize education's promise

- Learning outcomes are poor: low levels, high inequality, slow progress
- Schools are failing learners
- Systems are failing schools

The three dimensions of the learning crisis

Still there are reasons for hope

**How to realize education's promise:
Three policy responses**

- Assess learning – to make it a serious goal
- Act on evidence – to make schools work for all learners
- Align actors – to make the whole system work for learning

“If your plan is for one year, plant rice. If your plan is for ten years, plant trees. If your plan is for one hundred years, educate children.”
-Kuan Chung (7th Century BC).

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Invest in people:
development
Learning to realize education's promise



It's more complicated than it looks: people act in reaction to the choices of others throughout the system

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Invest in people:
Learning to realize education's promise

Coherence and alignment toward learning



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SDG 3: Ensure Healthy lives and promote wellbeing for all at all ages

Reduce global maternal mortality ratio

End preventable deaths of newborns and children under 5 years of age

End the epidemics of AIDS, tuberculosis, malaria, neglected tropical diseases; combat hepatitis, water-borne diseases, other communicable diseases

Ensure universal access to sexual and reproductive health-care services

Reduce premature mortality from noncommunicable diseases

Strengthen prevention and treatment of substance abuse

Halve global deaths and injuries from road traffic accidents

Achieve universal health coverage

Substantially reduce number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination

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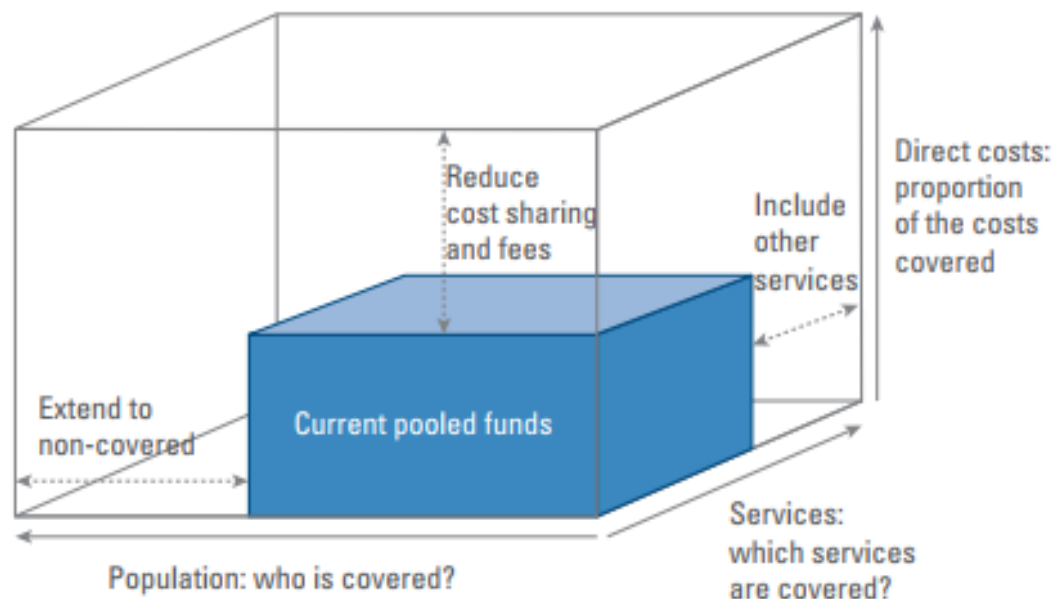
Invest in people:
Universal Health Coverage (UHC)

The Two Goals of Universal Health Coverage

Service delivery: By 2030, everyone has access to essential health services

Financial risk protection: by 2030, no one is pushed into or kept in poverty by paying for health care

Three Dimensions to Improving UHC



The practice of sustainable

development Invest in people: Social protection and jobs

Main Elements of Social Protection

Social Protection

Social Safety Nets/Social Assistance

(Non contributory)

To prevent and protect from risks and shocks

Social Insurance

(Contributory)

To ensure adequate living standards in the face of shocks and life changes

Labor Market Programs

(Contributory and non contributory)

(To promote labor inclusion and reintegration)

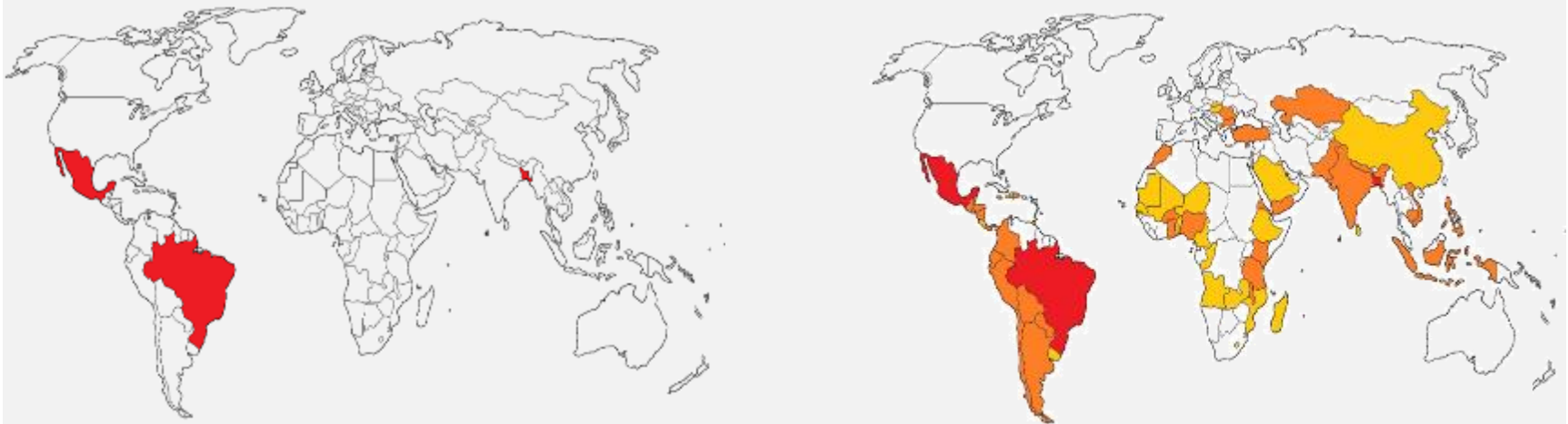
- Unconditional cash transfers (UCT)
- Conditional cash transfers (CCT)
- Food and in-kind programs
- School feeding
- Public works and food for works
- Non-contributory social pensions
- Fee waivers and targeted subsidies
- Social services

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Invest in people:
development
Social protection and jobs

Conditional Cash Transfer coverage has expanded rapidly across the world

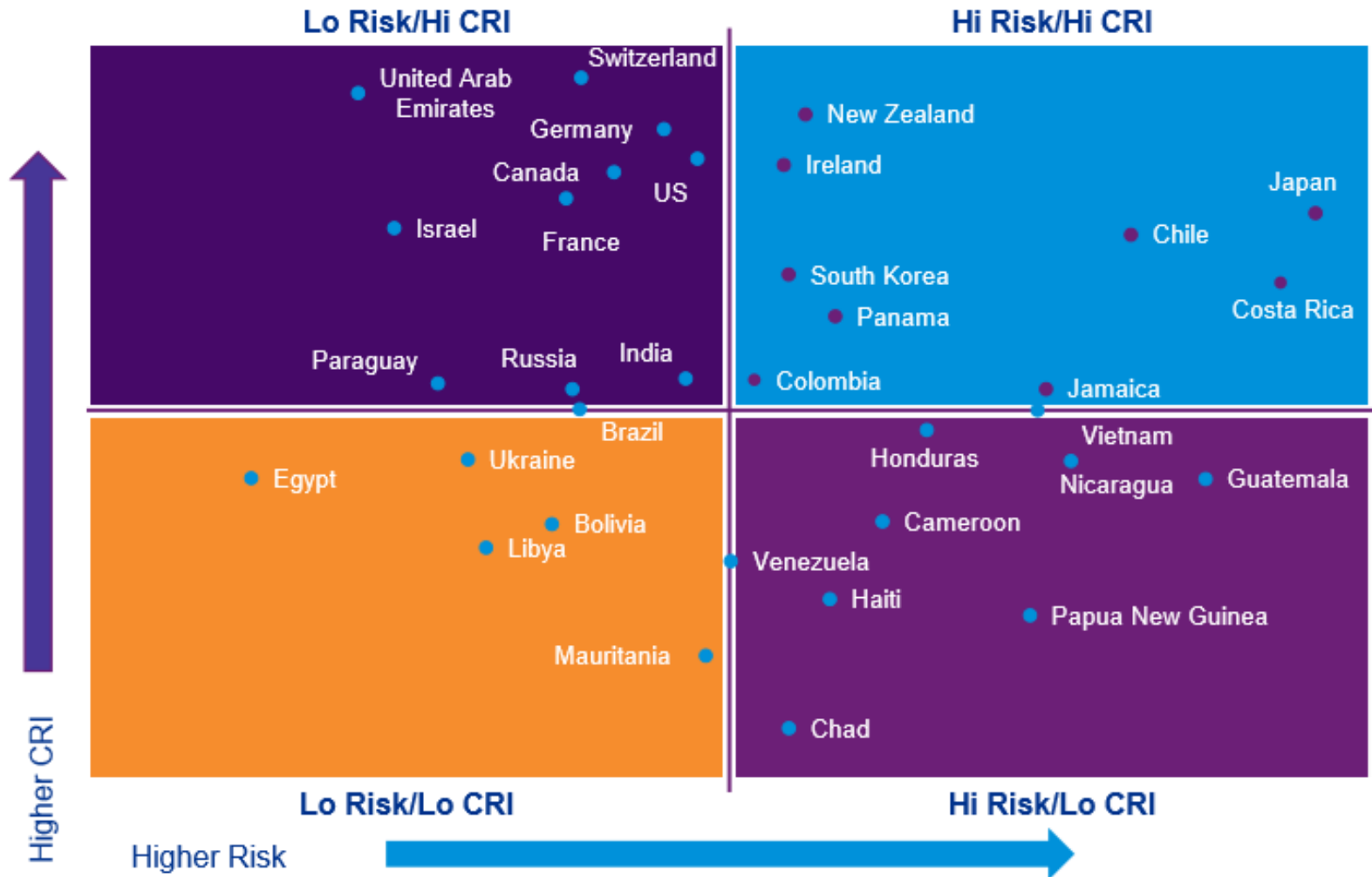
1997 → 2014



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Invest in resilience

Natural disaster risk profile



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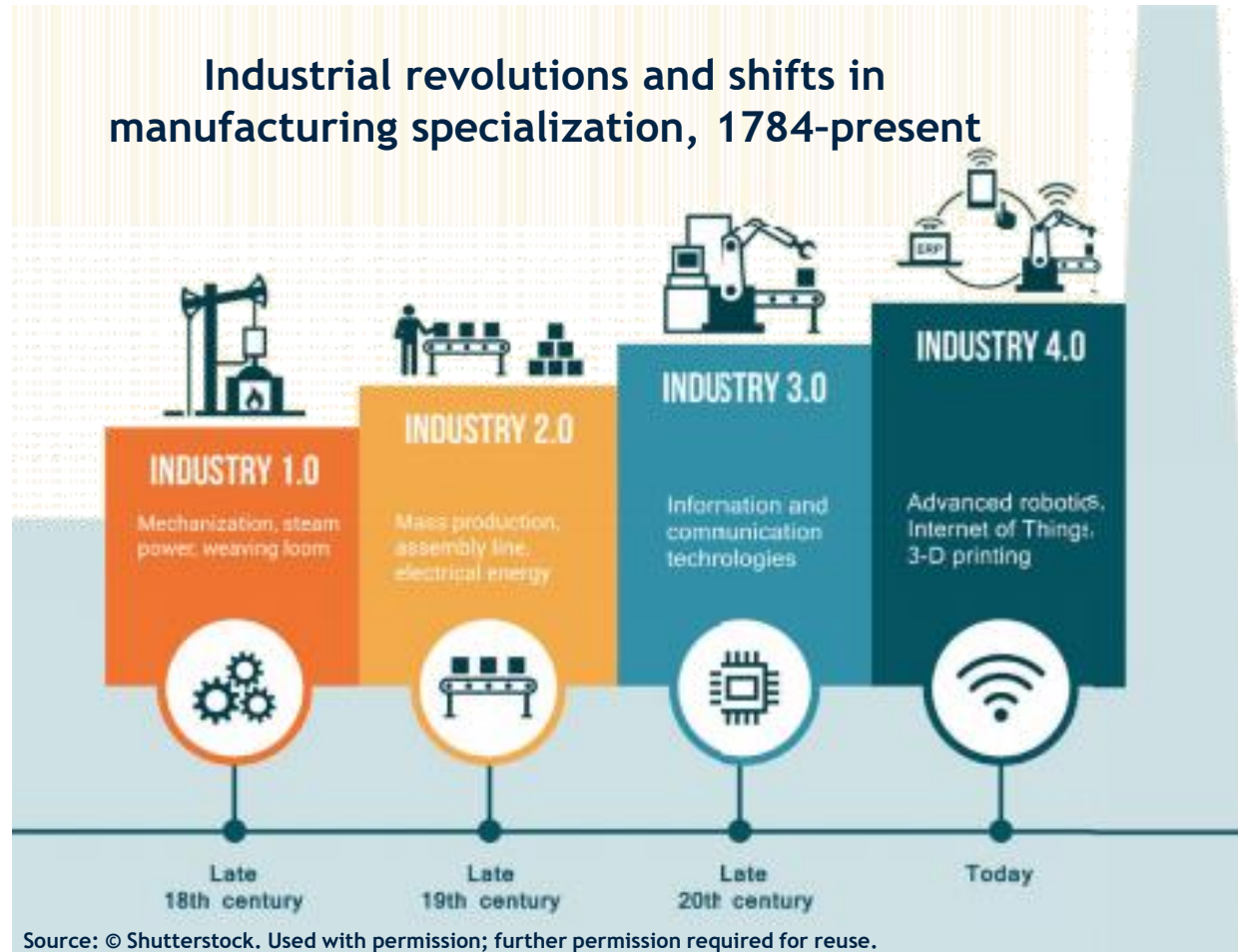
Invest in inclusive growth:

Each industrial revolution shifts the manufacturing opportunities and patterns of specialization



Three “C”s determine the feasibility of success in export-led manufacturing:

- Competitiveness
- Capabilities
- Connectedness

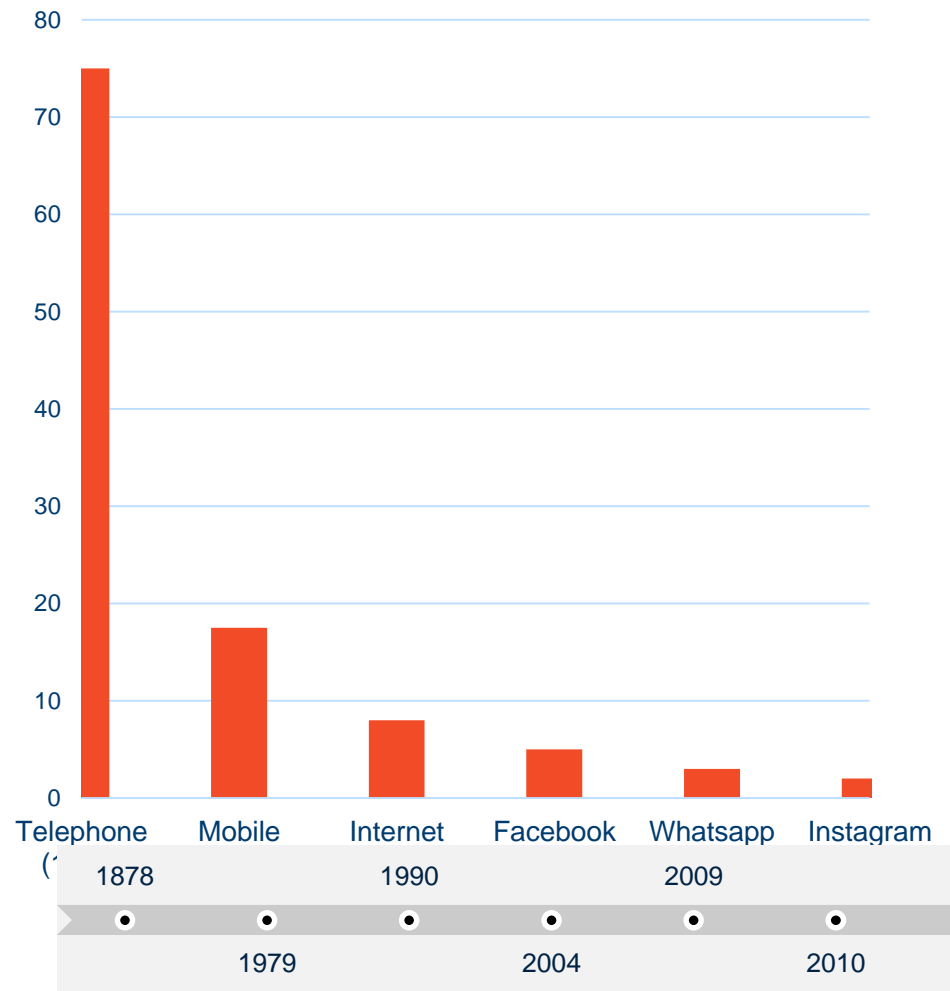


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Invest in inclusive growth:
development
Harnessing technology and the digital dividend



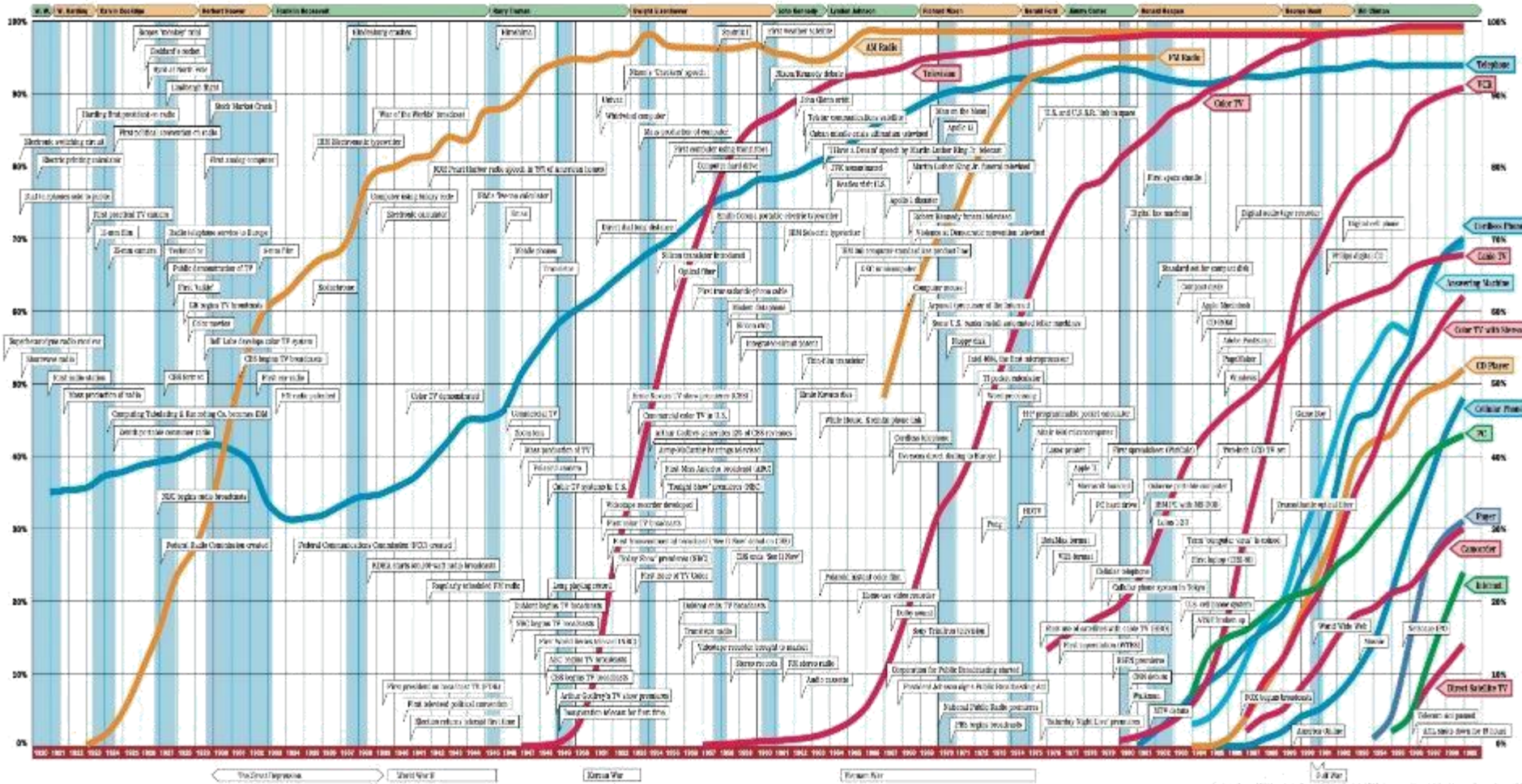
Number of years to reach 100 million users



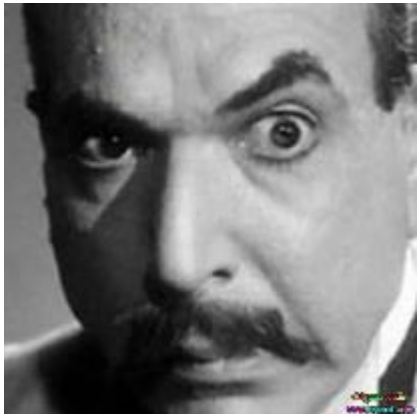
Source: Adapted from World Economic Forum, 2017

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Investment in recursive growth: Harnessing technology and the digital dividend



Source: The Wall Street Journal, 1998

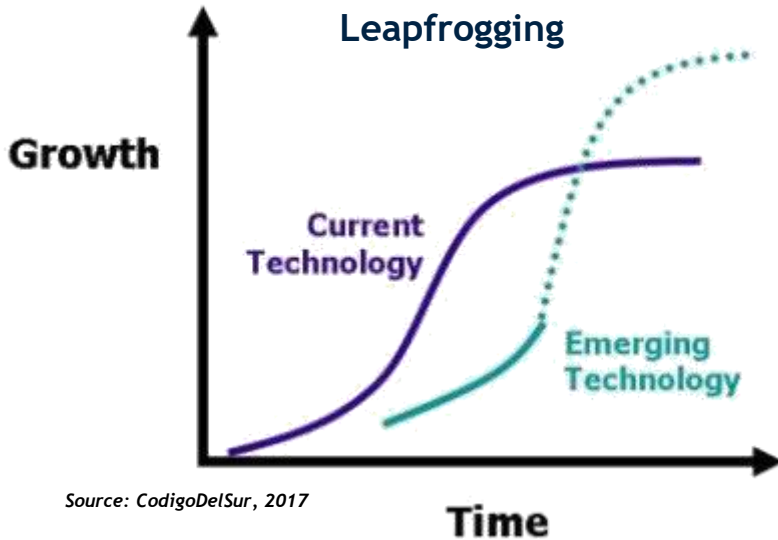


Source: Dotmsr

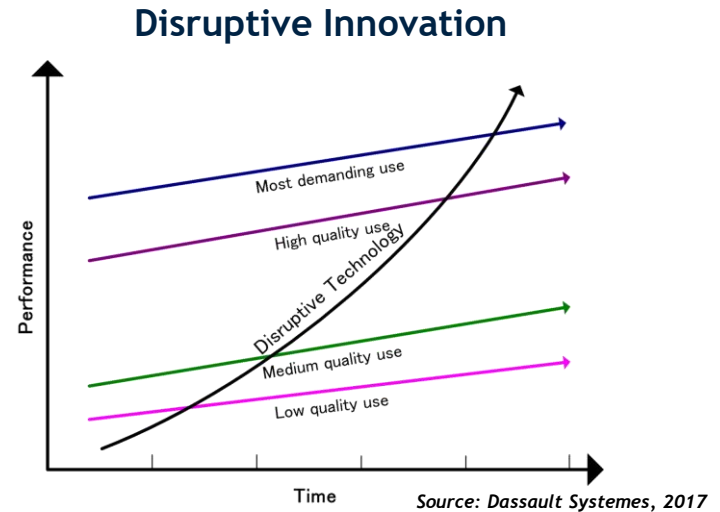


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Invest in inclusive growth:
development
Harnessing technology and the digital dividend

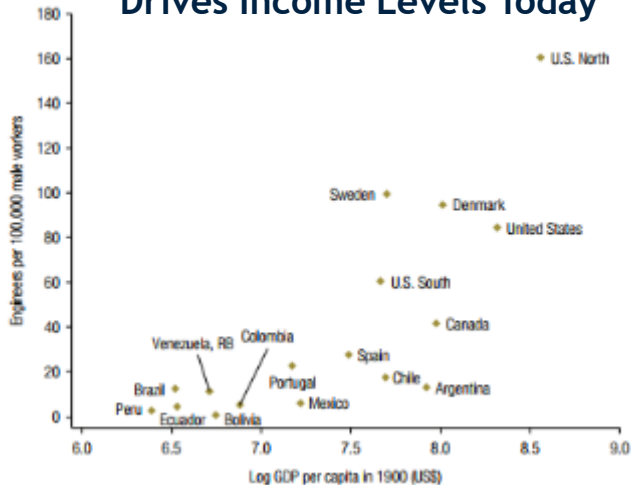


Source: *CodigoDelSur*, 2017

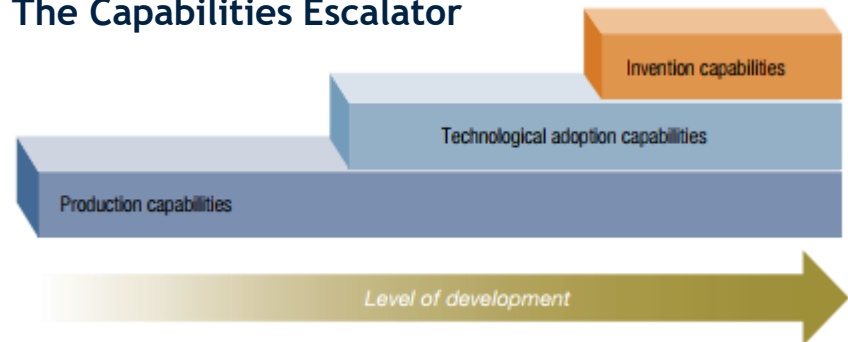


Source: *Dassault Systemes*, 2017

The Capability to Innovate in 1900 Drives Income Levels Today



The Capabilities Escalator

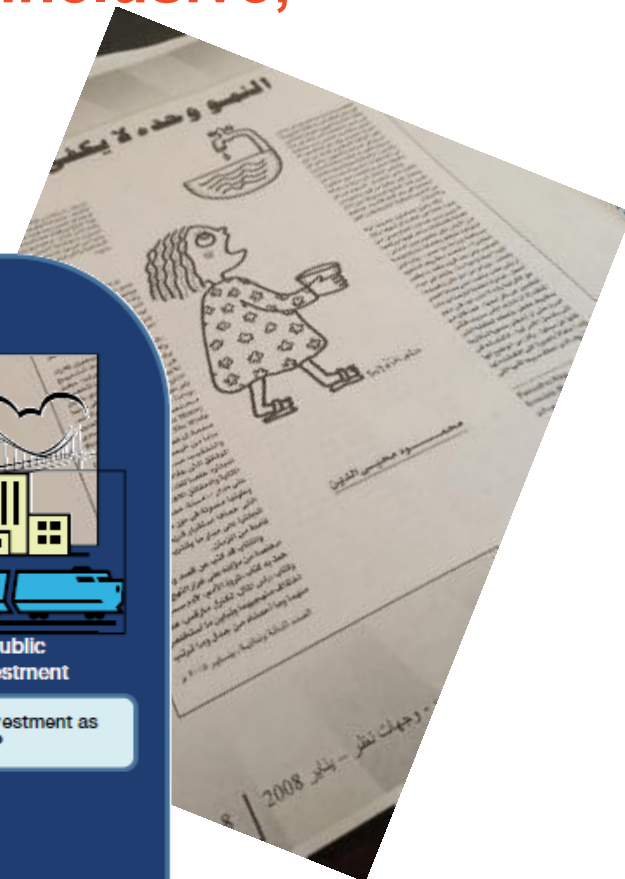


Source: *Cirera; Maloney, The Innovation Paradox*, 2017

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development

Invest in inclusive growth: Dashboard for inclusive, sustainable, and multidimensional growth



GROWTH



Natural Capital Accounting

Forum's Overall Sustainability Adjusted Global Competitiveness Index or WBG Adjusted Net Savings Indicator



Unemployment

Rates of National, Youth, and Female unemployment



Competitiveness

Forum's Global Competitiveness Index



Public Investment

Public Investment as % of GDP



Gender Equality

WBG's Biennial Women, Business and the Law Report or Forum's Global Gender Gap Index



Shared Prosperity

WBG's Shared Prosperity Indicator



Equal Opportunity

WBG's Human Opportunity Index

Implementation Happens at the Local Level

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Assessing social risk and its mitigation should be conducted at the local level



78 countries have a population of **under 5 million**

181 provinces have a population of **over 5 million**

86 provinces have a population of **over 10 million**

*Analysis conducted on developing countries

Sample Municipal Budget



Expenses

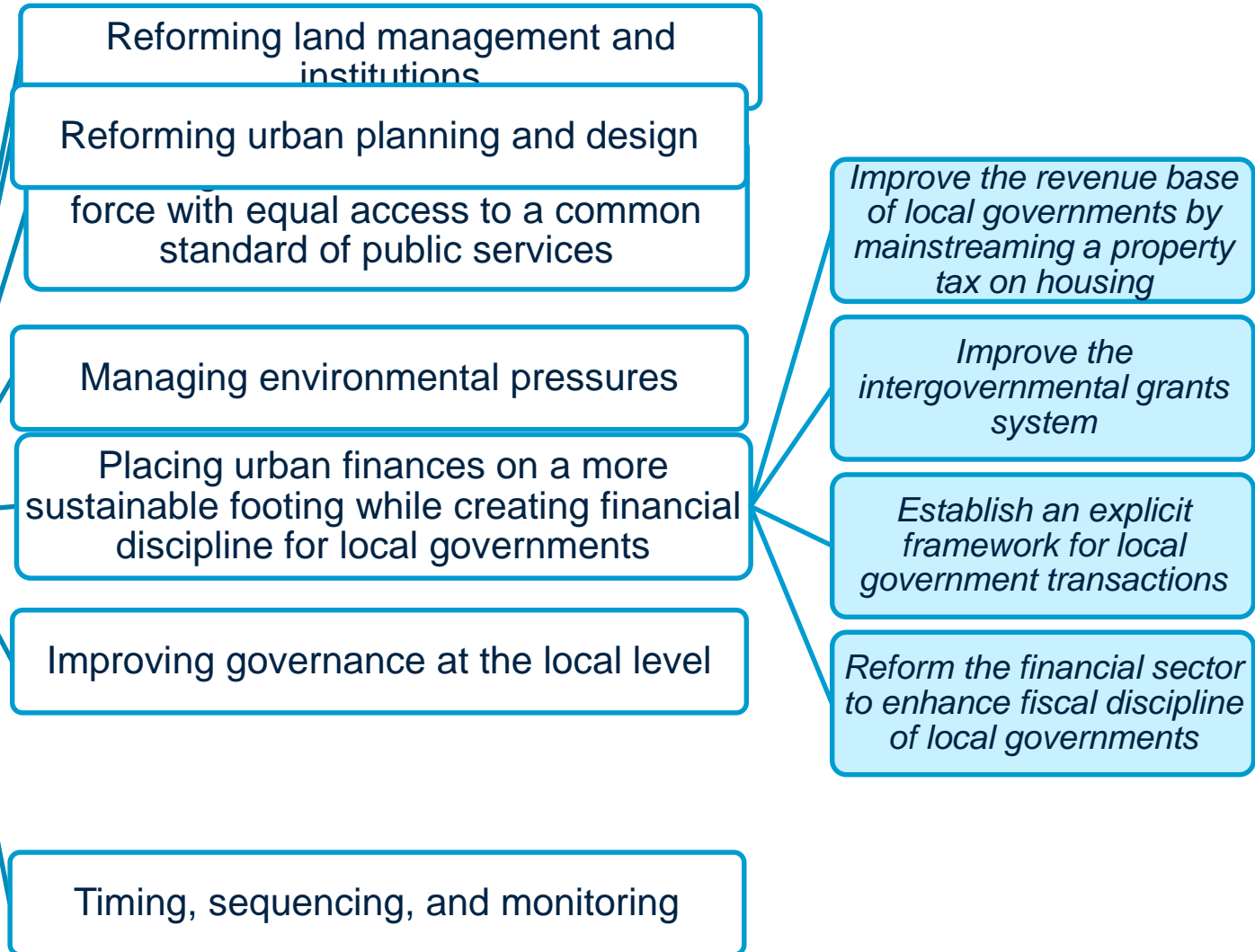
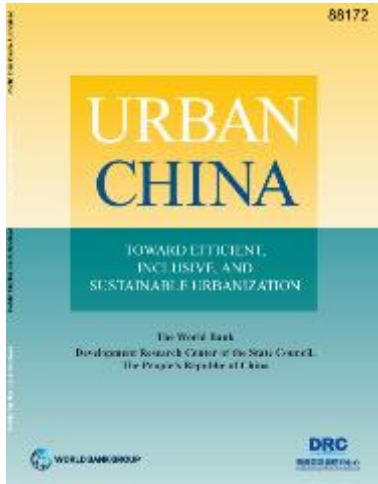
1. Preschool education
2. Primary and secondary school
3. Health care
4. Social assistance and poverty alleviation
5. Public order and civil protection
6. Infrastructure and public services
7. Environment protection
8. Social, cultural, recreational expenditures
9. Local economic development
10. Social housing
11. Urban development
12. Civil security
13. Transfer to sub-local government entities
14. (subsidies, grants, equity, in-kind)
15. Loan repayment
16. Interest charges
17. Guarantees called (paid by the municipality)

Revenues

1. Property tax (rates) on land and/or buildings
2. Tax on the transfer of immovable property
3. Tax on motor vehicles
4. Local sales tax and/or tax on the sale of local products (or surcharge)
5. Tax on local businesses and services
6. Tax on electricity consumption (surcharge)
7. Tax on nonmotorized vehicles
8. Tax on tourism, hotels, restaurants, and entertainment
9. Tolls on roads, bridges, etc., within the limits of the local government
10. Charges for public works and public utilities such as waste collection, drainage, sewerage, and water supply
11. Charges for markets and rents for market stalls
12. Charges for the use of bus stations and taxi parks
13. Fees for approval of building plans and erection and re-erection of buildings
14. Fees for fairs, agricultural shows, cattle fairs, industrial exhibitions, tournaments, and other public events
15. Fees for licensing of businesses, professions, and vocations
16. Fees for other licenses or permits and penalties or fines for violations
17. Fees for advertisement
18. Fees on sales of animals in cattle markets
19. Fees for registration and certification of births, marriages, and deaths
20. Fees for education and health facilities established or maintained by the local government
21. Fees for other specific services rendered by the local government
22. Rent from land, buildings, equipment, machinery, and vehicles
23. Surpluses from local commercial enterprises

Localization of Urban Development:

The case of China



Localization of Urban Development:

U.K. Midlands

Successful locally owned businesses help develop local markets, create innovation, success and redistribution in a self-reinforcing cycle

Indonesia:

A program is being implemented to enhance the capacity of local governments to improve efficiency and effectiveness of local public spending. Also implemented the PNPM program: community driven development

Colombia:



Kenya:

A government funded drought insurance program brings satellite based insurance to Kenyan pastoralists and farmers using mPesa.

214
KES million

paid out to over

12000
pastoralists



Thank You

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